

**AGRICULTURE, RURAL DEVELOPMENT, FOOD
AND DRUG ADMINISTRATION, AND RE-
LATED AGENCIES APPROPRIATIONS FOR
FISCAL YEAR 2014**

THURSDAY, MAY 16, 2013

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:05 a.m., in room SD-124, Dirksen Senate Office Building, Hon. Mark L. Pryor (chairman) presiding.
Present: Senators Pryor, Udall, and Cochran.

DEPARTMENT OF AGRICULTURE

STATEMENTS OF:

**ED AVALOS, UNDER SECRETARY, MARKETING AND REGULATORY
PROGRAMS**

**DR. CATHERINE WOTEKI, UNDER SECRETARY, RESEARCH, EDU-
CATION AND ECONOMICS**

DR. ELISABETH HAGEN, UNDER SECRETARY, FOOD SAFETY

**KEVIN CONCANNON, UNDER SECRETARY, FOOD, NUTRITION AND
CONSUMER SERVICES**

ACCOMPANIED BY MICHAEL YOUNG, BUDGET OFFICER

OPENING STATEMENT OF SENATOR MARK L. PRYOR

Senator PRYOR. I will call this hearing to order, and I want to say thank you to all of our panelists, our witnesses today.

This is the third hearing we've had on the subcommittee, and today we're going to have a chance to really talk in detail about some of the items in the budget for the U.S. Department of Agriculture (USDA).

I'd also like to thank Senator Cochran for standing in for Senator Blunt today. Senator Blunt is in Missouri at a commitment in his hometown that he committed to a long time ago, and we understand how that goes. So he has left the responsibilities in the very capable hands of Senator Cochran.

Of course, it's a delight to have Senator Cochran here. Not only is he a true gentleman but also the former chairman of the full committee, former chairman of the Appropriations Committee, came here in 1979.

And, Thad, before I came in this morning, I looked at that list of people that you came in with, and it's a very impressive list of Senators that you came in with: David Durenberger, Max Baucus,

Nancy Kassebaum, of course, you, Rudy Boschwitz, Alan Simpson, John Warner, William Armstrong, Bill Cohen, Paul Tsongas, Larry Pressler, David Boren, Jim Exon, Carl Levin, of course, Bill Bradley, Howell Heflin, Roger Jepsen, Gordon Humphrey, and then this one guy named David Pryor. I don't know whatever happened to him, but I don't think he ever amounted to much.

But anyway, great class. And it's great to have you here. And as everyone here knows, Senator Cochran is really one of the giants of American agriculture.

Today, we have four Under Secretaries with us, and so I'm going to be very brief in my opening statements. And I'll just go ahead and introduce you here in just a moment, but I'd like to welcome each one of you to the subcommittee. Well, I'll go ahead.

Mr. Kevin Concannon, the Under Secretary for Food, Nutrition and Consumer Services; Dr. Elizabeth Hagen, the Under Secretary for Food Safety; Mr. Edward Avalos, Under Secretary for Marketing and Regulatory Programs; and Dr. Catherine Woteki, Chief Scientist and Under Secretary for Research, Education, and Economics.

The Under Secretaries here today represent a wide range of activities carried out by the Department. Their combined budget requests are nearly \$12.4 billion in discretionary funding, which is nearly 69 percent of USDA's total request for fiscal year 2014.

The largest portion of that is for the nutrition programs, which include the Women, Infants, and Children (WIC) program, the largest single discretionary pot of money in the USDA. The fiscal year 2014 budget for WIC is \$7.1 billion. That's an increase of \$286 million from last year, without accounting for the sequester. This will support an estimated 8.9 million women, infants, and children per month in this country.

For the Food Safety and Inspection Service (FSIS), the budget actually requests a decrease from last year, again, without accounting for the sequester. This is in large part due to USDA's intent to finalize and implement a new poultry slaughter rule.

This rule will refocus the efforts of the inspectors and require fewer Federal resources. I look forward to talking a little further with you all about this.

The budget request also includes a slight decrease for the Animal and Plant Health Inspection Service (APHIS) but includes a number of programmatic changes to address new and emerging issues. I'm interested to hear how you plan to balance the needs of new problems in this budgetary environment while maintaining appropriate efforts on longer term issues.

The research budget this year has increased by approximately \$125 million with the vast majority of that increase being provided through the Agriculture and Food Research Initiative, AFRI, at the National Institute of Food and Agriculture (NIFA).

I'm always pleased to see increased requests for agriculture research, and I think it's an important and sound investment of taxpayer dollars.

Now we talked a bit about this last week, how our farmers are going to have to produce more in the next 40 years. They're going to have to produce more than they produced in all of recorded history. The investments in research are what will make this possible.

However, I would also like to say, briefly, I don't think we should focus all of our attention on competitive research. I think the land-grant universities and capacity programs funded in this bill are vital to the work of America's farmers. They allow for continued focus on local and regional problems and issues faced by our producers, and they disseminate information, so it can be used by everyone. We shouldn't lose sight of their importance.

With that, what I'd like to do is turn it over to Senator Cochran and would like to hear his opening statement.

STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. Mr. Chairman, thank you for presiding over this hearing this morning. I'm pleased to join you in welcoming our distinguished panel of witnesses from the Department, who are here to talk about the budget request for the next fiscal year.

Nutrition programs are important, and they're contained in the part of the budget that will be discussed this morning, along with other activities, Animal and Plant Health Inspection Service, funding, and others.

We thank you for your service through your responsibilities to the Department of Agriculture and to our consumers and farmers nationwide. We appreciate your diligence and your careful attention to our public responsibilities.

Thank you.

Senator PRYOR. Thank you.

And I thought what I would do is just, I guess, for ease, just start over here with Mr. Avalos and just go down the line here. So let's do 5 minutes for opening statements. Now, your written statements will be part of the record, so if you want to summarize and do it in 5 minutes, that would be great.

Mr. Avalos.

SUMMARY STATEMENT OF ED AVALOS

Mr. AVALOS. Thank you, Mr. Chairman, Ranking Member Cochran. Thank you so much for the invitation to be here.

I'm just going to take a few minutes to talk about our budget request. I have a statement that I do have for the record. So anyway, I just want to highlight our request.

We are requesting a total discretionary appropriation of \$925 million. It's important to note that this is \$84 million less than 2009. It's \$120 million less than 2010.

Now, we've cut expenses. We've created efficiencies. We've reduced staff. We're very much on board for reducing Government spending, for reducing the deficit. But we still have to do our job.

At the Agricultural Marketing Service (AMS), our budget request was about \$84 million. It includes additional money to support rural communities by helping producers meet the growing demand for local and regional foods; also funding to maintain confidence in the organic label through enforcement and compliance; and finally, to expand international markets through equivalency agreements with countries such as Costa Rica, Korea, India, and Germany.

At APHIS, our budget request is about \$801 million. This includes additional funding to establish a comprehensive national feral hog plan. Feral hogs are an invasive species found in 38

States. They spread disease and cause damage, damage estimated at \$1.5 billion.

Also additional funding to implement our new animal disease traceability program. This program has buy-in from producers, has buy-in from States, buy-in from the tribes, and it's supported by trading partners.

And funding to eradicate the Asian long-horned beetle, which threatens our hardwood forests, and the European grapevine moth, which threatens the California wine and grape industry.

The Grain Inspection, Packers and Stockyards Administration (GIPSA) request is about \$40 million, and it's about making sure the seller gets paid, about fairness in the marketplace. And this is created by allowing our field agents to do the necessary enforcement and compliance work.

On the grain side, we are requesting funding to purchase critical equipment that we've been holding back for a long time from purchasing. This is necessary to maintain the strong domestic and international trade.

PREPARED STATEMENT

This concludes my opening remarks. I look forward to working with the subcommittee, and I'm prepared to answer any questions. Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF ED AVALOS

Mr. Chairman and distinguished members of this subcommittee, I am pleased to appear before you to discuss the activities of the Marketing and Regulatory Programs (MRP) mission area of the U.S. Department of Agriculture (USDA) and to present the fiscal year 2014 budget proposals for the Agricultural Marketing Service (AMS), the Animal and Plant Health Inspection Service (APHIS), and the Grain Inspection, Packers and Stockyards Administration (GIPSA).

Secretary Vilsack has stated that the Administration is strongly committed to programs that create jobs and expand markets. MRP helps accomplish this in a variety of ways. For example, AMS and GIPSA certify the quality of agricultural commodities and provide industry with a competitive edge earned by the USDA seal of approval for grading and inspection. GIPSA also works to help ensure that livestock producers have a fair and competitive market environment. APHIS protects the health of plants and animals, enhancing the competitiveness of U.S. producers by keeping production and marketing costs low. All three agencies help resolve international issues to maintain and open markets around the world for U.S. products.

MRP agencies have operated in an environment of tightened budgets. We have accomplished this through proactive management of, if not reductions in, staffing; internal reorganizations; office closures; consolidation of telecommunication services; and reduction of travel and other expenses. Further, we have prioritized our activities and made decisions to eliminate or reduce programs that are not central to our mission. In addition, APHIS has reduced involvement in combating those pests where good progress could not be made with available means or which are overshadowed by higher priority threats. Successful efforts to eradicate pests, such as boll weevil and screwworm allow savings as well.

Still, the MRP agencies have achieved significant accomplishments that I would like to highlight. In fiscal year 2012, APHIS resolved 207 sanitary and phytosanitary trade issues, including opening new markets and retaining and expanding existing market access for U.S. agricultural products valued at \$2.56 billion. This involved more than 50 countries and plant and animal products such as beef, cherries, dairy products, grapes, live swine and cattle, peas and pulses, potatoes, poultry, stone fruit, and many more. In fiscal year 2012, APHIS personnel stationed overseas successfully secured the release of 324 shipments of agricultural products worth more than \$41 million. APHIS, working with California cooperators, reduced populations of European grapevine moths (EGVM), so that detections numbered only 77 in fiscal year 2012 compared with almost 101,000 in fiscal year 2010.

EGVM is a threat not only to producers in California but potentially to those in 30 other States. APHIS has also achieved success in the animal health sector. Subsequent to APHIS promulgating the animal disease traceability rule in December, 2012, the Scientific Commission for the World Organization for Animal Health (OIE) recommended that the U.S. risk classification for bovine spongiform encephalopathy be changed from the second-tier risk rating to the lowest risk rating that OIE provides. Upon finalization, this will aid efforts to promote U.S. cattle and beef products abroad.

AMS achieved notable accomplishments in fiscal year 2012 as well. AMS purchased about \$1.4 billion of food produced by America's farmers and processors for domestic nutrition assistance programs. In response to industry requests to improve procurement processes for canned and frozen fruit and vegetable products, and to better meet the Food and Nutrition Service's (FNS's) need to supply these products year-round, AMS redesigned procurement programs in 2012 in a manner that won praise from industry and FNS recipient agencies. AMS established the United States–European Union Organic Equivalency Arrangement in June 2012, which has opened up a \$24 billion market to U.S. organic producers and handlers. AMS also facilitated marketing of U.S. organic products to Argentina, Australia, Brazil, Costa Rica, China, Germany, and Guatemala.

Finally, GIPSA had many noteworthy accomplishments. GIPSA closed 2,545 investigative files on potential violations of the Packers and Stockyards Act in fiscal year 2012, compared with about 2,050 in fiscal year 2011 and less than 580 in fiscal year 2000. In addition, GIPSA also implemented use of new grain moisture meters based on technology it developed in coordination with the Agricultural Research Service and transferred to the private sector for commercial use. Two competing manufacturers' moisture meters were subsequently approved by GIPSA, which reduced significantly the price paid by the grain industry for these instruments.

The 2014 budget requests total budgetary authority of about \$2.4 billion for the MRP agencies, of which about \$925 million is from discretionary appropriations, more than \$940 million from Customs receipts, and about \$435 million from fees charged to the direct beneficiaries of MRP services. The discretionary appropriations request for the MRP agencies combined is about \$84 million less than the fiscal year 2009 appropriation, a decrease of about 8 percent. Continuing our efforts to address core mandates and high-priority needs while using taxpayer resources as efficiently as possible, I would like to highlight the budget requests for the MRP agencies.

AGRICULTURAL MARKETING SERVICE

The mission of AMS is to facilitate the competitive and efficient marketing of U.S. agricultural products. AMS accomplishes this mission through a wide variety of activities in cooperation with partners to the benefit of U.S. producers, marketers, and consumers. The President's budget request for AMS proposes a discretionary appropriation of about \$84 million and includes a small number of important initiatives.

With additional funding for the Transportation and Market Development Program, AMS will help producers respond to growing consumer demand for local and regional food and expand their access to markets through product aggregation, processing, and distribution. Such efforts are intended to provide opportunities for smaller producers to scale up, for mid-sized producers to serve a scale-appropriate market segment such as institutions and grocers, and for producers of all sizes to diversify their sales. Expanding local and regional food systems in a community has been found to increase employment and income in that community.

The budget also includes funding to assist the organic sector by ensuring the integrity of the USDA organic seal and fostering new organic equivalency agreements while taking actions, such as compliance monitoring, to maintain existing agreements. As organic sales expand and the number of certified operations rises, the National Organic Program must have sufficient resources to accredit, audit, and oversee the work of certifying agents, keep pace with violation investigation and enforcement, and maintain and expand trade opportunities provided by equivalency agreements.

An initiative under the Federal-State Marketing Improvement Program (FSMIP) will assist producers in meeting the requirements of the Food Safety Modernization Act. Under the FSMIP, AMS provides matching funds to State departments of agriculture for projects aimed at improving marketing efficiency, reducing marketing costs for producers, and lowering food costs for consumers.

The budget requests funding from section 32 for USDA's Web-Based Supply Chain Management (WBSCM) system to begin a technical upgrade that must be completed in 2015 to keep the system operating efficiently and cost-effectively. AMS manages the WBSCM system, which has improved the procurement, delivery, and manage-

ment of more than 200 foods (4.5 million tons) through domestic and foreign feeding programs administered by AMS, FSA, FNS, FAS, and the United States Agency for International Development.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The Animal and Plant Health Inspection Service has a broad mission that includes protecting and promoting the health of U.S. agriculture and natural resources, administering the Animal Welfare Act, and carrying out wildlife damage management activities. Together with customers and stakeholders, APHIS enhances market access in the global marketplace and helps ensure abundant agricultural products.

The budget request proposes discretionary appropriations of about \$801 million. In addition, existing user fees of more than \$210 million will support Agricultural Quarantine Inspection activities. The budget proposes an elimination of funding for programs such as John's disease and chronic wasting disease, which can best be managed at a local or regional level. Increased cost-sharing will be requested from beneficiaries of several pest programs related to specialty crops, trees, and wildlife damage management; this allows lesser demand for Federal taxpayer resources. These and other carefully considered reductions, together with aggressive streamlining steps, allow us to steward taxpayer resources and request a small number of increases for our highest priorities.

Given promulgation of the final animal disease traceability rule, the budget requests funding to support effective implementation. This includes information technology systems to administer animal identification devices, allocate location identifiers, and manage the animal disease traceability information systems. APHIS will continue to provide the premises identification systems to States and tribes that wish to use them. Funding for cooperative agreements with State and tribes to implement the program, provision of low-cost identification tags, and other needs are included in the request.

Notably, the President's budget requests an increase to address the growing problem of feral swine, which are estimated to cause \$1.5 billion in damages that threaten animal and human health; crops and livestock; rural, suburban, and urban properties; and natural resources and native resources. APHIS will coordinate with other Federal, State, and local entities to create a national program to address the more than 5 million feral swine currently found in 38 States. With populations of feral swine that have increased 21 percent annually in recent years, prompt and nationally coordinated action is needed.

Additional resources are also requested for a variety of efforts. For example, the budget includes additional funding to combat the Asian longhorned beetle in Ohio and Massachusetts, and to eradicate EGVM in California. To implement the APHIS rule to protect pets that are sold over the Internet, by phone and by mail and that are currently exempt from USDA oversight, the budget requests funds to identify such vendors and conduct education and licensing activities.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

GIPSA's mission is to facilitate the marketing of livestock, meat, poultry, grain, and related agricultural products and to promote fair and competitive trade for the benefit of consumers and American agriculture. GIPSA fulfills this mission through the Packers and Stockyards Program (P&SP) and the Federal Grain Inspection Service (FGIS).

The budget proposes a discretionary appropriation of slightly more than \$40 million. About \$23 million is requested for the P&SP while approximately \$18 million is for FGIS activities including standardization, compliance, and methods development activities. The budget also includes existing user fees of about \$50 million for grain inspection and weighing. The discretionary budget includes a request for additional funding to allow the P&SP to facilitate market protections for buyers and sellers of livestock and poultry through greater compliance, investigative, and enforcement activities in the field. Funds would provide equipment and other support expenses needed for its field staff to effectively conduct regulatory and investigative work. An increase for FGIS will allow it to purchase long-delayed scientific equipment, which will provide advanced assessment of rice characteristics and effective mycotoxin and pesticide residue testing programs for U.S. grain exporters.

CONCLUSION

In closing, the budget request for MRP supports our key role for the rural economy and for producers and consumers across the Nation. It also reflects the comprehensive efforts we have taken to conserve taxpayer dollars through targeted,

common sense efficiencies. Any further reduction in funding would significantly impair our ability to deliver critical services and would imperil our efforts to manage an increasingly complex workload with constrained staffing levels.

This concludes my statement. I look forward to working with the subcommittee on the 2014 budget and will be glad to answer questions you may have on these budget proposals.

Senator PRYOR. Thank you.
Dr. Woteki.

SUMMARY STATEMENT OF DR. CATHERINE WOTEKI

Dr. WOTEKI. Well, good morning, Chairman Pryor, Senator Cochran. It's a real pleasure to appear before you today and to describe the budget request for Research, Education, and Economics (REE). I'll summarize my written testimony and note that USDA really has a very long history of enhancing rural prosperity while helping to provide an abundant and diverse food supply to rural America and to urban America.

One of the key ways that these goals are reached is through our combined investment in research and education. And this encompasses really cutting-edge research on genetics and genomics, natural resources and environmental science, human and animal nutrition and food safety, and local and global food security. USDA has also invested in public education and scientific literacy. And details on all of these are available in our action plan widely available and posted on our Web site.

Last year marked 150 years of USDA and also 150 years of the partnership that we have with the land-grant university community that has been expanded to include historically Black colleges as well as tribal colleges. And this research partnership is really essential for bringing together the research, the education and extension components.

Public investment in agricultural research is critical to the innovations that keep our agricultural sector productive and ensure positive benefits to our economy. For every \$1 that we invest in agricultural research, it returns \$20 to the U.S. economy.

For the REE mission area, the budget request for 2014 is \$2.8 billion for the four agencies that comprise the mission area. I'm going to highlight some of the key proposed investments for each of these four agencies.

For the Agricultural Research Service (ARS), the budget request is \$1.28 billion. This will go to priorities that we've identified such as centralizing ARS information technology (IT) systems, improving production efficiencies through sustainable agriculture, helping producers adapt to and mitigate the effects of climate change, protecting crops at high risk of infestation from insects, continuing the development of alternative fuels, and building on ongoing research in the Earth sciences.

In addition, in 2011, Congress directed ARS to study and prioritize infrastructure investments. ARS's capital investment strategy identified 21 low-condition facilities that housed high-priority research programs that are in need of modernization.

And the President's budget requests \$155 million for the number one priority, a replacement facility for the Southeast Poultry Disease Research Laboratory in Athens, Georgia, where we're currently conducting research on the avian influenza strain H7N9

that's causing really human health as well as animal issues in China.

USDA's extramural science and education is coordinated through the National Institute of Food and Agriculture. The budget request is \$1.29 billion and does fund the land-grant university system through a combination of capacity and competitive funds.

As you noted, the President's budget request increased to a total of \$383 million for NIFA's flagship competitive program, the Agriculture and Food Research Initiative.

Finally, turning to the statistical agencies, the Economic Research Service (ERS) and the National Agricultural Statistics Service (NASS), the President's budget requests \$78 million for ERS. And this is research that addresses all aspects from an economic perspective of the agricultural enterprise. Within that is a request for \$2.5 million for research innovations to improve policy effectiveness, to strengthen behavioral economics research, as well as the statistical uses of administrative data.

Finally, for NASS, the budget request is just under \$160 million. It will provide funding that will allow the completion of the Census of Agriculture, as well as \$117 million for the agricultural estimates program.

The REE mission area has been looking to find administrative efficiencies in the way we conduct our programs. For example, we've cut travel spending by 52 percent below the 2010 level.

These are difficult times, we recognize. But as a Nation, if we're going to maintain our leadership role in agriculture, particularly as it relates to agricultural innovation and productivity, we have an obligation to support research, education, and extension activities.

PREPARED STATEMENT

Mr. Chairman, I look forward to working with you as we continue to support a world-class level of science at the Department of Agriculture, and to maintain and increase the strength of American agriculture.

I'm looking forward to your questions, thank you.
[The statement follows:]

PREPARED STATEMENT OF DR. CATHERINE WOTEKI

Chairman Pryor, Ranking Member Blunt, and members of the subcommittee, my name is Catherine Woteki and I am the Chief Scientist and Under Secretary for Research, Education, and Economics (REE) at the United States Department of Agriculture (USDA). I am pleased to appear before you to discuss the President's 2014 budgets for the REE mission area agencies.

My testimony reflects the unwavering commitment of President Barack Obama, Secretary Tom Vilsack, and all those who work at USDA to support our Nation's farmers, producers, and consumers every step of the way from farm to dinner table. USDA has a long history of enhancing rural prosperity while helping to provide an abundant and diverse food supply to urban and rural America. One of the key ways these goals are achieved is through USDA's cutting edge research on genetics and genomics, and natural resources and environmental science, nutrition and food safety, and local and global food security. USDA has also invested in public education and scientific literacy. Our Action Plan is available to you at any time and can be found at <http://ree.usda.gov>.

As you know, this commitment to science is one that USDA made long ago. Last year marked 150 years since President Abraham Lincoln created the Department of Agriculture along with the 150th anniversary of the signing of the Morrill Act—the legislation that created our Nation's network of land-grant universities. This partnership—which was subsequently expanded in 1890 to include institutions serv-

ing the African American community and in 1994 to include the tribal colleges—is critical in the advancement of agricultural science in the United States today. The internationally recognized Extension system that is housed in these land-grant colleges and universities is an important incubator for best practices in agriculture.

The challenges for the next several decades are clear: expanding and delivering safe and nutritious food to a growing population, keeping agricultural production profitable, bolstering agricultural exports, reversing the obesity epidemic, and ensuring that our natural resources remain available and abundant for future generations while responding to the threat of a changing climate.

Scientific research is the cornerstone of agricultural production and food security. Investing in agricultural research is critical to the innovations that keep our agricultural sector productive, offset a shrinking farm safety net, and ensure positive benefits to our economy. Agricultural productivity is a key component of net farm income, which last year was the second highest since 1980. Investments in agricultural science will increase the productivity that is essential for the long-term prosperity of our Nation. In fact, for every \$1 spent on agricultural research, \$20 is returned to the economy. In tough economic times, investing in agricultural science makes sense.

The challenge to be responsible stewards of taxpayer dollars is one that the REE mission area takes very seriously. While each of our four agencies serves a particular function and constituency, we also coordinate our work to maximize Federal agricultural research funding. REE mission area agencies collaborate closely with scientists and researchers across the Federal Government, industry, academia, and other stakeholders. These collaborations are particularly important in conducting scientific research that is not cost-effective for farmers or producers to undertake. Another benefit of collaboration is that it reduces the duplication of research endeavors.

These are some of the key principles that have been brought to bear as the President's fiscal year 2014 budget request for the REE mission area was developed. This budget request reflects the belt-tightening and prioritizing that many Americans have been forced to make in a challenging economic climate. For the REE mission area, the budget requests \$2.8 billion for the four mission area agencies. I would like to spend some time highlighting some of our key proposed investments for 2014 budget.

For the Agricultural Research Service (ARS), the President's 2014 budget requests \$1.28 billion. Investing in several aspects of the vast research agenda of ARS—from increases in important scientific topics to responding to emerging priorities and to an aging infrastructure—this budget request demonstrates the administration's commitment to agricultural science.

For example, the budget request allocates \$4.6 million to centralize information technology (IT) systems in ARS. Ensuring robust systems to capture, track, and compile data will go a long way toward accelerating the pace of discovery and effectively explaining and building upon ARS's scientific achievements. These investments will also help reduce duplication and increase coordination of research investigations by enhancing their transparency.

The 2014 budget request also provides funding for priority initiatives that will improve production efficiencies through sustainable agriculture (\$10 million), help producers adapt to and mitigate the effects of climate change (\$10 million), protect crops at high risk of infestation from insects (\$6 million), continue the development of alternative fuels (\$5 million) and build on ongoing research in the earth sciences (\$4 million).

In addition, in 2011 Congress directed ARS to study and prioritize ARS's infrastructure investments. The resulting ARS Capital Investment Strategy identified 21 low-condition facilities that house high-priority programs and that are in need of modernization over the next decade. The President's budget requests \$155 million for the number one priority, a replacement facility for the Southeast Poultry Disease Research Laboratory in Athens, Georgia. This laboratory is the country's leading facility for research on emerging and exotic poultry diseases, including avian influenza, and the request will enable ARS scientists to advance this critically important area of research.

The National Agricultural Library has renewed purpose in the digital age to facilitate research collaboration on interdisciplinary agricultural problems among Government agencies, industry and academia. The 2014 budget requests a total of \$26 million to continue library and information services, support a Government-wide Earth Observation and Environmental Data Activities initiative, and develop and provide unified and accessible data infrastructure capacity.

The above proposals represent investments in USDA's intramural science programs. USDA's extramural science is coordinated by the National Institute of Food

and Agriculture (NIFA). The budget proposes a total funding level for NIFA of \$1.29 billion. NIFA funds capacity-building programs—grants programs that support a variety of research, education, and Extension initiatives at land-grant institutions—as well as competitive grant programs to support scientists, researchers, and educators from across our Nation that are awarded after a rigorous peer-review panel selection process.

For 2014, the President’s budget requests \$383 million for NIFA’s flagship competitive grant program, the Agriculture and Food Research Initiative (AFRI). AFRI’s programs provide the largest investment in agricultural science across a number of disciplines that touch every aspect of American lives; from plant and animal health and production, to agricultural systems and technologies, to bioenergy and natural resources, to food safety, human nutrition, and health. Responding to producer’s concerns about the need for quicker response to emerging problems, the President’s budget includes a new Critical Agricultural Research and Extension (CARE) Competition in the Agriculture and Food Research Initiative. The CARE Competition will permit us to address emerging issues important to agricultural production.

To improve transparency and accountability, the President’s budget provides \$7.8 million to consolidate and modernize NIFA’s grant management systems. This critical investment will allow NIFA to accurately quantify its research successes and help track research accomplishments as they transfer from the laboratory to our communities and our homes.

As a former dean of agriculture at a land-grant university, I am a strong proponent of ensuring that the bench is deep from which to draw our next generation of farmers and scientists. The President’s budget reorganizes several Science, Technology, Engineering, and Math (STEM) programs administration-wide into the Department of Education and the National Science Foundation, thereby transferring NIFA’s STEM education programs to those agencies. However, NIFA will continue to support secondary and post-secondary students in other ways. For instance, AFRI grants to university researchers routinely support fellowships to pre- and post-doctoral students working with principal investigators on these grants, representing about \$6 million in fiscal year 2010. Additionally, the President’s budget proposes \$9.2 million for Hispanic-Serving Institutions (HSI) Education Partnership Grants Program.

Also, the 2014 budget requests \$22 million for sustainable agriculture, in particular, through the Sustainable Agriculture Research and Education (SARE) program. These funds will help SARE grantees continue their important research, education, and extension activities across the Nation. SARE grants focus on keeping American agriculture profitable while ensuring that we can remain responsible stewards of our environment.

In addition to intramural and extramural science, the REE mission area provides a valuable service to not only other USDA mission areas but also to America’s agricultural producers, industry, academia, and non-governmental organization (NGOs) through its support of two key USDA research and statistical agencies, the Economic Research Service (ERS) and the National Agricultural Statistics Service (NASS).

The President’s budget requests \$78 million for ERS. ERS anticipates and responds to the needs of decisionmakers by applying economic and social science research to address all aspects of the agricultural enterprise, from scientific investments to food access to agricultural trade. For example, the President’s budget proposes \$2.5 million for “Research Innovations to Improve Policy Effectiveness” to strengthen behavioral economics research and statistical uses of administrative data. Behavioral economics research is based on the concept that humans do not always make the most rational choices, but instead are influenced by external factors like emotion or social pressure. ERS intends to apply behavioral economics to analyze and better understand food and agricultural programs and policies.

The 2014 budget requests nearly \$160 million for NASS—which is well known across the Nation by farmers, ranchers, and other producers and processors, as well as the commodity markets. For the Census of Agriculture that is conducted every 5 years, The budget request will fully fund the Census at \$43 million. The 2012 Census is currently underway and close to 1.9 million responses have been received as of early April. The results of the Census will be published in 2014 and will provide data important to the agricultural industry as well as to the administration of Federal programs. Farmers and commodity markets have also come to depend on the impartial forecasts of NASS’s agricultural estimates that the agency compiles many times each year.

Mr. Chairman, the President’s 2014 budget for USDA’s REE mission area builds on critical investments in agricultural science. Under the strong leadership of Secretary Vilsack, we are continuing to leverage our appropriations by streamlining

processes and identifying efficiencies throughout the Department. REE mission area agencies collectively have reduced travel spending, on average, by nearly 52 percent below 2010 spending. We have provided retirement options for those who are eligible and have greatly reduced hiring.

Mr. Chairman, these are difficult times. Like you, like the members of this subcommittee, we understand that all too well. But if we, as a Nation, are to maintain our leadership role in the world of agricultural innovation and productivity we have an obligation to support research, education, and Extension activities.

At a time when China and Brazil are ramping up their investment in agricultural research, we cannot afford to let ours be gutted, or worse still, be ignored.

It is too easy to take for granted the healthy, nutritious, and safe foods that are available to us, the clean air we breathe, the fresh water we drink, and even the clothes we wear. These are benefits that have resulted to a large extent from the discoveries made by Federal investments in agricultural science.

Scientific endeavors are not the kind of activity that we can put a bookmark in and come back when funding is flush. Research requires ongoing investigation and commitment.

Mr. Chairman, I look forward to working with you as we continue to support a world-class level of science at the Department of Agriculture to maintain and increase the strength of U.S. agriculture.

Thank you again for your time and I would be pleased to answer any questions you may have.

Senator PRYOR. Thank you.

Dr. Hagen.

SUMMARY STATEMENT OF DR. ELISABETH HAGEN

Dr. HAGEN. Good morning, Mr. Chairman. Good morning, Senator Cochran. I'm Dr. Elisabeth Hagen, Under Secretary for Food Safety at the USDA. I am pleased to appear here before you in support of the President's fiscal year 2014 budget request for the USDA's Food Safety and Inspection Service (FSIS).

FSIS is the public health regulatory agency responsible for ensuring the safety of the meat, poultry, and processed egg supply. Much of what we do is mandated by law, originating with the Federal Meat Inspection Act, which passed in 1906, and later in the 1950s with the passage of the Poultry Products Inspection Act.

Much has happened since that time when our statutes were enacted. And as our scientific understanding has increased, we're constantly looking for better ways to protect consumer from foodborne illnesses.

For instance, the Centers for Disease Control and Prevention (CDC) data shows that, since the mid-1990s, significant progress has been made in reducing the incidents of foodborne infections from pathogens often associated with the products that we regulate. However, disease rates from Salmonella have remained stagnant. So reducing these illnesses is a top priority for FSIS.

We must ensure that our inspection activities are aligned with food safety risks. That is why, this past December, we set new requirements for ground and comminuted poultry establishments to reassess their hazard analysis and critical control points (HACCP) plans to account for several recent Salmonella outbreaks associated with these products. This reassessment will increase the likelihood that companies will effectively address the hazards that these products present and that they will better prevent foodborne illness.

We've also finalized a baseline study that targets reducing Salmonella rates in raw chicken parts. This baseline study provides us with important data on the prevalence and quantitative levels of

Salmonella and Campylobacter in the chicken products most commonly purchased by consumers.

Another important way for us to align inspection with risk and reduce Salmonella rates is to modernize poultry slaughter inspection. Our proposal focuses inspection on areas of poultry production that will have the biggest impact on food safety. Currently, many FSIS in-plant personnel perform quality assurance tasks, such as looking for visible defects and sorting birds.

If we adopt this proposal, FSIS would shift its focus to critical food safety tasks, such as pathogen testing, verifying HACCP and sanitation procedures. And the quality assurance tasks will be turned over to the company.

The need for modernizing our food safety system is evident. Scientific assumptions that existed when the Poultry Products Inspection Act was first enacted in the 1950s are now outdated. We must ensure that our regulatory tools correspond with current knowledge and that we are able to tackle modern food safety challenges. Updating what we do and where we focus will help the agency prevent foodborne illnesses more effectively and more efficiently as well.

In addition to improving food safety, we estimate that this proposal would save taxpayers approximately \$90 million over the first 3 years of implementation, and would result in a shared benefit to consumers and industry of about \$250 million annually.

In our continued effort to better protect public health, we're also updating the way we collect and report data. We're doing this through the implementation of the Public Health Information System, which integrates our data sources to support a comprehensive, reliable, and data-driven approach to our inspection.

We must also align our in-commerce activities with current risks. For example, FSIS is developing a proposed rule to require retail operations to maintain accurate grinding records of source materials and practices, and this would greatly improve our ability to trace products from retail back to slaughter facilities.

While most of our work is done in-plant, we recognize the importance of good pre-harvest practices on the farm and safe food handling at home. That is why we're actively engaged in improving food safety across the farm-to-table continuum. For example, we hosted a summit that brought together key stakeholders to discuss pre-harvest practices that will reduce the likelihood of contamination at slaughter. We're also working with our Federal food safety partners to share best practices.

On the other end of the equation, we provide consumers with the tools they need to handle food safely at home. And we reach them through mediums such as TV, radio, print, and social media.

PREPARED STATEMENT

So in conclusion, I would say that we are continually assessing whether we are doing the best job that we can do to prevent foodborne illness in the most effective and the most efficient way possible. Government can deliver better than people expect, and we are committed to doing so.

I am proud to lead the FSIS workforce in the mission to protect public health, and I appreciate the opportunity to be here with you today and to answer your questions.

[The statement follows:]

PREPARED STATEMENT OF DR. ELISABETH HAGEN

INTRODUCTION

Mr. Chairman, Ranking Member Blunt, and members of the subcommittee, I am Dr. Elisabeth Hagen, Under Secretary for Food Safety at the U.S. Department of Agriculture (USDA).

I am pleased to appear before you today in support of the President's fiscal year 2014 budget request for USDA's Food Safety and Inspection Service (FSIS) and to discuss the status of FSIS programs. The President's fiscal year 2014 budget request for FSIS includes slightly more than \$1 billion in appropriated funding. This funding level ensures that we remain capable of performing our vital regulatory mission to ensure the safety of meat, poultry and processed egg products. The notable changes in the fiscal year 2014 budget request include initial estimated savings from transition to the modernized poultry inspection system and sufficient funding to continue implementation of the Cooperative Interstate Shipment program.

Who We Are

FSIS is USDA's public health agency and is responsible for ensuring that the Nation's commercial supply of meat, poultry, and egg products, whether domestic or imported, is safe, wholesome, and correctly labeled and packaged.

The dedicated men and women of FSIS all across the Nation are vital to carrying out our mission. Of the 9,750 people that FSIS employed at the end of fiscal year 2012, 8,678 of them were on the front lines protecting public health in 6,263 federally regulated establishments, in one of the three FSIS laboratories, at approximately 120 ports of entry, and in 150,000 in-commerce facilities nationwide.

What We Do

Our mission is unique because much of it is mandated by law. FSIS enforces the Federal Meat Inspection Act (FMIA) and the Poultry Products Inspection Act (PPIA), which require the examination and inspection of all livestock and poultry slaughtered and processed for use in commerce for human food, with few exceptions. FSIS also enforces the Humane Methods of Slaughter Act (HMSA), which requires that livestock be handled and slaughtered humanely. Livestock and poultry slaughter operations cannot operate without the presence of inspection personnel, and inspection personnel must also be present at least once-per-shift per day for meat and poultry processing operations. During fiscal year 2012, FSIS personnel inspected about 147 million head of livestock and 8.9 billion birds at slaughter establishments nationwide.

In addition, under the Egg Products Inspection Act, FSIS inspects processed egg products, which are primarily used as ingredients in other foods, such as prepared mayonnaise and ice cream, and by the food service industry, including hospitals and schools. During fiscal year 2012, FSIS personnel inspected about 4 billion pounds of processed egg products.

FSIS also regulates all imports of meat, poultry, and processed egg products intended for use as human food. In fact, before imports of FSIS-regulated products are allowed, FSIS establishes the initial equivalence of every exporting country's food safety regulatory system, on a product-by-product basis.

In addition, FSIS cooperates with 27 States to develop and administer State meat and poultry inspection (MPI) programs that enforce food safety requirements that are "at least equal to" Federal requirements at about 1,700 establishments. These establishments can only ship or sell products within their State.

FSIS has also entered into cooperative interstate shipment agreements with three States—Ohio, North Dakota, and Wisconsin. FSIS signed its first agreement with Ohio on August 8, 2012, marking the implementation of section 11015 of the Food, Conservation, and Energy Act of 2008. FSIS signed agreements with North Dakota and Wisconsin on January 11 and 14, 2013, respectively.

PREVENTING FOODBORNE ILLNESS

In addition to meeting our statutory obligations, we are constantly looking for ways to better protect American consumers from foodborne illnesses and evolve our methods to address modern food safety challenges.

In September 2011, FSIS unveiled its Strategic Plan for fiscal year 2011 through fiscal year 2016, outlining strategies and measurable goals to reduce foodborne illness. Since then we have taken a number of very significant steps toward accomplishing these goals, which I'm proud to share with you today.

On June 4, 2012, FSIS began testing for six serogroups of Shiga toxin-producing *E. coli*—O26, O103, O45, O111, O121 and O145—in addition to O157:H7. Between June 4, 2012, and April 29, 2013, FSIS tested 3,531 samples of domestic and imported raw ground beef components for non-O157 *E. coli*, and found 50 of those samples to be positive.

Also, on February 8, we implemented our “hold and test” policy, which means that since then, meat and poultry establishments have held FSIS-sampled product from commerce until the test results have come back negative. This new policy will help to prevent meat and poultry products that test positive for dangerous pathogens from reaching store shelves or consumers’ tables. FSIS calculates that if this new requirement had been in place between 2007 through 2010, nearly 20 percent of the meat and poultry recalls that occurred during that time would have been prevented, because the product would not have been released into commerce in the first place.

The Centers for Disease Control and Prevention’s (CDC) most recent Foodborne Diseases Active Surveillance Network (FoodNet) data shows that since the 1996–1998 baseline was established, significant headway has been made in reducing the incidence of foodborne infection caused by pathogens often associated with FSIS-regulated food. Unfortunately, the same cannot be said for illnesses caused by salmonella.

SALMONELLA

Our estimates of illnesses caused by salmonella from FSIS-regulated products mirror this trend, despite recent interventions and significant improvement in contamination rates measured by our verification testing. Reducing illnesses due to salmonella remains a top priority for FSIS. As long as people continue to get sick from food, we must ensure that our inspection activities align with food safety risks. A multifaceted effort will be necessary in order to achieve reductions in salmonella rates.

This past December, we advised establishments that produce ground and comminuted poultry products that they needed to reassess their Hazard Analysis and Critical Control Points (HACCP) plans in light of recent developments that could affect how they analyze the hazards the products present. Companies producing raw ground or comminuted poultry products will be required in their reassessments to account for several salmonella outbreaks that were associated with those types of products over the past few years. This reassessment will increase the likelihood that the establishments will effectively address the hazards these products present and thus better prevent foodborne illness.

We have also finalized a raw chicken parts baseline that targets reducing salmonella rates in other poultry products. This microbiological baseline study provides us with important data on the prevalence and quantitative levels of certain foodborne pathogens, such as salmonella, and other microorganisms.

To stay ahead of emerging risk and trends with salmonella, FSIS has charged its newly established Strategic Performance Working Group with identifying potential interventions or actions to decrease FSIS-attributable salmonellosis.

MODERNIZATION TO IMPROVE FOOD SAFETY

Another important method for preventing salmonella illnesses is to align inspection with risk by modernizing poultry slaughter inspection, which is why we announced a proposed rule that would focus inspection on areas of poultry production with the biggest impact on public health. Currently, FSIS in-plant personnel perform quality assurance tasks such as looking for visible defects, but they are unable to detect invisible pathogens and microbes this way. Therefore, FSIS would focus on critical food safety tasks, such as pathogen testing and verifying HACCP and sanitation standard operating procedures, and the quality assurance tasks would be turned over to the company. FSIS would continue to inspect every carcass, as required by law. We estimate that the new poultry inspection system would prevent at least 5,000 illnesses from salmonella and campylobacter each year.

The need for modernizing our food safety system is evident. As pathogens evolve, and as our scientific knowledge of what causes foodborne illness improves, we must ensure that our food safety system and our inspection process responds to these challenges. Scientific assumptions that were applied in the 1950s, when the Poultry Products Inspection Act was first enacted, are outdated, so we must ensure that our regulatory tools correspond with current knowledge.

This is why modernizing the poultry inspection system is so important. Updating our approach would help the Agency prevent foodborne illness more effectively and efficiently.

The implementation of the Public Health Information System (PHIS) also provides us with another important decisionmaking tool to enable us to protect public health more effectively, efficiently, and rapidly. This Web-based system integrates our data sources to support a comprehensive, timely and reliable data-driven approach to inspection. This approach allows FSIS to identify food safety threats and emerging trends more rapidly and accurately. In January 2012, FSIS completed a full implementation of the domestic component of the system, and we began implementation of the import component in spring 2012. In addition, FSIS completed a staggered implementation of PHIS to industry users last month and began implementation of the system to State MPI programs, which is expected to be completed by the end of this year.

Until we can ensure that no contaminated product is ever released into commerce, we must also align our in-commerce activities, such as traceback investigations, with risks. For example, FSIS is developing a proposed rule to require retail operations to maintain accurate grinding records of source materials and particular practices, which would greatly improve the Agency's ability to trace products from retail back to slaughter facilities.

TARGETING RESOURCES

In addition to improving food safety, we must be good stewards of taxpayer money, and that is why FSIS continues to examine ways to target resources where they can be most effective.

For example, we estimate that the previously mentioned modernization of poultry slaughter inspection would save taxpayers approximately \$90 million over a 3-year period upon full implementation. FSIS also believes that participating establishments will see lower production costs resulting in a shared benefit to consumers and industry of about \$250 million annually.

LEVERAGING RESOURCES

While our primary focus is preventing foodborne illness by ensuring that industry produces safe food, we can also improve food safety by collaborating with our Federal partners and educating consumers.

For example, we have met with our stakeholders to discuss ways that we can promote good pre-harvest practices that will reduce the likelihood of contamination at slaughter. We also work with our Federal food safety partners to share food safety expertise and best practices.

In addition to doing everything we can to ensure the safety of meat, poultry and processed egg products before they get to the store shelves, we feel it is also our responsibility to provide consumers with the tools they need to handle food safely at home.

That is why FSIS, CDC, and FDA teamed up with the Ad Council to launch a national public service campaign called Food Safe Families, which educates consumers about the risks of foodborne illness and how to prevent it. For an investment of \$2.8 million over 3 years, the Ad Council has been able to run a national TV, radio, and print ad campaign worth an estimated \$46 million through donated media.

To better reach consumers and ensure that our food safety messages are received by a larger audience, FSIS also utilizes various social and new media platforms to reach out about key food safety messages, such as recalls and safe food handling practices.

FSIS actively disseminates food safety messages through its virtual food safety expert, Ask Karen; Twitter; Facebook; Blogs; and YouTube. For example, the number of views of Ask Karen answers increased from 444,000 in fiscal year 2011 to more than 1.1 million in fiscal year 2012. The @USDAFoodSafety Twitter account had 332,600 followers at the end of fiscal year 2012, representing a 66 percent increase over fiscal year 2011. We are currently able to reach more than 390,000 followers with each tweet, and that number grows by about 2,000 weekly.

CONCLUSION

We are continually assessing whether we are doing our best to prevent foodborne illnesses in the most effective and efficient way possible. Government can deliver better than people expect, and we are committed to doing so.

We at the Office of Food Safety and FSIS are one team, with one purpose, working toward a common and extremely important goal. I am proud to lead the FSIS workforce in its mission to protect public health.

Thank you for the opportunity to testify before you today.

Senator PRYOR. Thank you.
Mr. Concannon.

SUMMARY STATEMENT OF KEVIN CONCANNON

Mr. CONCANNON. Thank you, Mr. Chairman and Ranking Member Senator Cochran, for this opportunity to present the administration's 2014 budget for the USDA's Food, Nutrition, and Consumer Services (FNCS).

I'm pleased to join you at a time when the economy shows promising signs of recovery. New jobs are being added each day, and caseloads in the Supplemental Nutrition Assistance Program (SNAP) are forecasted to decline.

Indeed, in some States, SNAP caseloads have already begun to drop. This news is encouraging, but I remain concerned that many families still struggle to put nutritious food on the table. The latest census data shows that almost 49 million Americans remain in poverty. And program data shows that families participating in SNAP are much poorer than those who participated 10 years ago.

Many of these poor families are in the workforce. Over the past 20 years, the source of SNAP households income has shifted from welfare to earnings. In 1991, 41 percent of all SNAP households received cash welfare and only 20 percent had earnings. In 2011, only 8 percent of SNAP households received cash welfare, while 31 percent had earnings. And 80 percent of SNAP participants who can reasonably be expected to work do so.

I'm pleased that these families have found employment, but I'm troubled that their income may not be sufficient to meet their needs. USDA is dedicated to reducing SNAP roles the right way, by helping clients transition to good paying jobs.

As we fight food insecurity and hunger, we're also tackling an unprecedented obesity epidemic that threatens our Nation's health, budget, and national security. Hunger and obesity are connected, and we're working to solve them both, too often in the same person.

The President's budget request reflects the ongoing need for nutrition assistance and the longstanding commitment of Congress and various administrations to fully fund the major programs. And it invests targeted resources to improve program integrity to support implementation of the Healthy, Hunger-Free Kids Act of 2010 with school equipment grants, and to modernize technology and build the foundation for WIC EBT.

I recognize that this request asks our Nation to entrust to us over \$102 billion of taxpayer money at a time when resources are tightly constrained. I am profoundly aware of our responsibility to manage these hard-earned tax dollars with the highest accountability, efficiency, and integrity.

Through state-of-the-art technology and collaboration with law enforcement, FNCS succeeded in reducing the trafficking rate from 4 percent to 1 percent over the last 15 years. We have permanently disqualified the owners of thousands of retail stores for trafficking. And since trafficking involves both the retailer and the recipient, FNCS is working with States to identify clients with suspicious transaction patterns for further investigation.

Additionally, FNCS has successfully worked with States to reduce the problem of multiple card replacement. While many card

replacements are legitimate, repeated and frequent requests for replacement cards may indicate fraudulent activity.

FNCS has encouraged States to warn clients with this suspicious behavior that they are being monitored. These efforts have reduced multiple card replacement card requests nationally.

Our strategies are working, but there's more to be done. While rare, fraud undermines public confidence and jeopardizes SNAP's ability to serve the struggling families who need it the most. We cannot and do not tolerate fraud.

Our budget includes additional resources for integrity-focused activities and related information systems to enhance integrity efforts across all of our programs, including the school meals and the WIC program.

This request also provides support to improve the eating habits of program participants. This past year, we've worked closely with our State partners to implement the Healthy, Hunger-Free Kids Act of 2010, including new science-based school meals nutrition standards that offer flexibility for schools while ensuring meals high in nutrients, adequate in calories, and reflecting appropriate portion size.

Almost all of us at every income level could improve our diets to better protect our health. The Center for Nutrition Policy and Promotion leads that effort to improve the diets of all Americans.

PREPARED STATEMENT

In conclusion, the budget fully supports the Nation's major nutrition assistance programs so that they can meet their missions while making smart investments, promoting integrity, and supporting a healthier future.

Thank you, and I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF KEVIN CONCANNON

Thank you, Mr. Chairman, and members of the subcommittee for the opportunity to present the administration's fiscal year 2014 budget request for USDA's Food, Nutrition, and Consumer Services (FNCS).

I am pleased to join you at a time when the economy shows promising signs of recovery. New jobs are added each day and caseloads in the Supplemental Nutrition Assistance Program (SNAP), the cornerstone of the Nation's nutrition assistance safety net, are forecasted to decline. Indeed, in some States, SNAP caseloads have already begun to drop—Utah has seen a participation drop of 10.1 percent and North Dakota has seen a participation decrease of 12.9 percent from February 2012 to February 2013. This news is encouraging, but I remain concerned for the large number of families who still struggle to put nutritious food on the table. The latest data from the U.S. Census Bureau shows that almost 49 million families remain in poverty, and the U.S. Bureau of Labor Statistics reports that 11.7 million Americans are looking for work. Of particular concern, our own administrative data shows that the families participating in SNAP are much poorer than those 10 years ago; in 2011, 43 percent of SNAP recipients had gross income at or below 50 percent of the Federal poverty level and 33 percent had no net income. In 2001, 38 percent had gross income at or below 50 percent of the Federal poverty level and 18 percent had no net income.

Many of these poor families are in the workforce. Over the past 20 years, the source of SNAP households' income has shifted from welfare to earnings, showing that SNAP is serving as an important support for working families. In 1991, 41 percent of all SNAP households received cash welfare and only 20 percent had earnings. In 2011, only 8 percent of SNAP households received cash welfare, while 31 percent had earnings. Further, when you look at employment both before entering SNAP, as well as after exiting the program, 80 percent of SNAP participants who

can reasonably be expected to work do in fact work. I am pleased that these families have found employment, but am troubled that their income is not sufficient to meet their needs. As we continue to ensure that working families can get the nutrition assistance support that they need, I am committed to improving work services for SNAP recipients through the employment and training program, which fills a critical gap in workforce training services and helps SNAP recipients obtain and retain jobs.

These circumstances underscore that while we are steadily recovering from the economic downturn, the nutrition assistance programs managed by the Food and Nutrition Service remain critically important to millions of low-income Americans. Programs like SNAP, the school meals programs, and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) help bridge the gap for families in need by preventing hunger or extreme economic hardship as they regain self-sufficiency.

At the same time we are fighting food insecurity and hunger in our Nation, we are also tackling an unprecedented obesity epidemic that threatens our Nation's health, budget, and national security. It is important to understand that these two problems, hunger and obesity, are connected. We are working to solve them both, too often in the same person.

The President's budget request for nutrition assistance reflects the ongoing need for these programs, and the longstanding commitment of Congress and various administrations over the years to fully meet anticipated funding needs for the major nutrition assistance programs. The budget also makes targeted investments to:

- Focus additional resources on program integrity and payment accuracy;
- Extend the enhanced SNAP benefits provided through the American Recovery and Reinvestment Act (ARRA) until March 31, 2014;
- Support implementation of the Healthy, Hunger-Free Kids Act of 2010 with school equipment grants; and
- Continue to modernize technology and build the foundation for WIC EBT.

IMPROVING THE WAY FEDERAL DOLLARS ARE SPENT

I recognize that this budget request asks the Nation to entrust us with over \$102 billion of taxpayer money to maintain a robust nutrition safety net, at a time when resources across Government are tightly constrained. I am profoundly aware of the depth of this responsibility, and the imperative to manage these hard-earned tax dollars with the highest accountability, efficiency and integrity. Now more than ever, we must ensure that every dollar helps to feed a person in need, and is not wasted or misused, in order to maintain public confidence in the programs. I am committed to good stewardship, reducing inefficiency and increasing cost-effectiveness. USDA has reduced its costs through the Department's Blueprint for Stronger Service, which is modernizing and accelerating service delivery while improving the customer experience through use of innovative technologies and business solutions. FNCS has methodically reviewed its policies and procedures, maximized our limited resources, and saved Federal dollars by centralizing SNAP retailer operation functions. Reengineering the authorization process of retailers in SNAP into one nationalized, integrated structure provides stronger oversight, greater consistency, better communication, and improved quality of operations. This streamlining process consolidated 31 field offices in 28 States into a single national office. The newly formed national retailer management organization continues to take full advantage of available technology and improved policies and procedures to better fight fraud and protect Federal dollars.

Americans expect and deserve a government that operates with integrity and efficiency, and we are committed to fighting error and waste. Over the past decade, SNAP successfully reduced the payment error rate from 8.9 percent in 2000 to 3.8 percent in 2011—the lowest ever payment error rate in the history of the program. The result of the error rate reduction from fiscal year 2000 to fiscal year 2011 is a decrease in erroneous benefits of more than \$3.67 billion had the fiscal year 2000 rate stayed the same for fiscal year 2011. However, we are not satisfied with this historic achievement and remain engaged and committed to collaborating with our State partners in order to identify additional strategies to improve the program's accuracy even further.

FNCS has also made substantial strides in reducing the prevalence of trafficking, the illegal selling of SNAP benefits for cash. We have strengthened procedures, established a stronger front-end retailer screening process, toughened sanctions, and acted to better hold retailers that violate program rules accountable. Through state-of-the-art technology and collaboration with law enforcement partners, FNCS succeeded in reducing trafficking from 4 cents of every benefit \$1 to about 1 cent of

every benefit \$1 over the last 15 years. Along with these efforts, FNCS permanently disqualified the owners of 8,300 retail stores for trafficking during the last 10 years, and sanctioned or disqualified the owners of almost 2,100 stores in 2012 alone.

Since trafficking involves both the retailer and the recipient, FNCS is working with State agencies to identify client households that have suspicious transaction patterns for further investigation of potential recipient trafficking violations. In fiscal year 2011, State agencies conducted nearly 798,000 fraud investigations and disqualified over 46,000 individuals for intentional program violations. Additionally, FNCS has focused on and successfully worked with States to reduce the number of multiple replacement cards requested by each household. While many replacement requests are legitimate, repeated and frequent requests for replacement cards may indicate fraudulent activity. I am happy to report that the majority of States now use the model letter as a trigger to warn clients with this suspicious behavior that they are being monitored; these efforts have resulted in a reduction in multiple replacement card requests nationally.

Our strategies are working, but there is more to be done. While rare, fraud undermines public confidence and jeopardizes the ability of SNAP to serve the tens of millions of struggling families who need it the most. Despite these achievements, any amount of fraud cannot be allowed in a program that is the cornerstone of our efforts to reduce food insecurity. We cannot and do not tolerate it. Our budget includes additional resources for integrity-focused activities and related information technology systems to enhance our program integrity efforts further. Fraud is not a static. FNCS and our State partners must remain vigilant, ready to identify those few bad actors that try to exploit the program in new ways and ready to make the necessary technological or systems changes that will thwart those efforts.

FNCS is committed to ensuring the integrity of all of our nutrition assistance programs. We have been working to reduce improper payments in the school meals programs for several years, while making sure that these efforts do not compromise access for low-income children or unduly burden schools. We continue to implement new program integrity tools provided by the Healthy, Hunger-Free Kids Act of 2010. We are restructuring and increasing the frequency of oversight program reviews, strengthening direct certification, and implementing rules that provide additional oversight and integrity tools for the schools meals program. Direct certification not only reduces administrative costs for schools, but also reduces the burden on eligible families. FNCS has provided States with extensive technical assistance and grants to improve direct certification systems to certify children receiving SNAP for free meals without an additional application from their families.

FNCS is also committed to ensuring program integrity in WIC. Nationwide data show that payment accuracy is relatively high in WIC—certification errors were approximately 3 percent and vendor charging errors were about 1.1 percent of food spending. But as with the other programs, no level of improper payments is acceptable. When WIC vendor management problems were discovered in a few States last year, we took quick, decisive action, investigating these issues thoroughly and working to develop solutions that did not impair program operations for clients. FNCS continues to monitor these States to ensure the problems are resolved.

PREVENTING HUNGER AND SUPPORTING HEALTHY EATING

This budget request sustains the nutrition assistance safety net and provides support to improve the eating habits of participants in its programs and of all Americans. The support of healthy eating is perhaps best observed in our implementation of the provisions of the Healthy, Hunger-Free Kids Act of 2010. This past year, we have worked closely with our State partners to implement new science-based school meals nutrition standards that provide meals high in nutrients, adequate in calories, and reflecting appropriate portion sizes to help children lead healthy lifestyles. Some schools have implemented these changes with ease, such as those that were already following approaches similar to the new nutrition standards, while other schools have had to make greater changes to improve the nutrition quality of meals they provide each day. FNCS has provided extensive technical assistance to these schools, including offering increased flexibilities as the schools make this important transition.

The Department also recently published a proposed rule implementing new authority to set nutrition standards for foods sold in vending machines and a la carte lines in schools. In the coming years, FNCS will develop educational and training standards for school nutrition professionals and will help schools strengthen their local wellness policies.

Additionally, FNCS works to help improve the diets of all Americans. Almost every household in this Nation—of any income level—could make substantial im-

improvements in their diet to better protect their health. The Center for Nutrition Policy and Promotion (CNPP) works hard to provide Americans with information and tools to make their food and physical activity choices more consistent with the Dietary Guidelines for Americans. We are pleased with the success of the popular Web site, MyPlate SuperTracker, which allows all Americans to track their food intake, physical activity, and weight online. More than 2 million people regularly use the program. MyPlate SuperTracker uses the new MyPlate icon, which prompts consumers to think about building a healthy plate with fruit, vegetable, grains, proteins, and dairy food groups.

The mission of FNCS provides us with a powerful opportunity to promote healthy diets, physically active lives, and healthy weights for those we serve. Our strong commitment to improve the health of Americans can be found in our work with MyPlate, which educates Americans about healthy diets, and in our nutrition assistance programs, which provide eligible low-income families in need with access to healthy foods. The efforts of the Food and Nutrition Service (FNS) and CNPP thus complement each other; both are critical to the health and future success of our people.

Let me turn now to a few highlights of the budget request.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

The President's budget requests almost \$78.4 billion for SNAP, enough to serve an average of 44.7 million people each month in fiscal year 2014. This is a projected 2.4 million person decrease from the number of participants estimated for fiscal year 2013. We've included a proposal in this year's budget to extend the Recovery Act portion of the SNAP benefit for an additional 5 months until March 31, 2014. We currently estimate that on November 1, a family of four will see their SNAP benefit reduced by about \$37. This proposal will enable SNAP to continue to provide an enhanced benefit to low-income American families as they continue the effort to get back on their feet.

In addition, because rooting out fraud, waste and abuse is a top priority for this administration, the budget builds on our current program integrity efforts by seeking additional funds to invest in compliance specialists, investigators, quality assurance and data mining efforts as well as more frequent integrity reviews, management evaluations and fraud investigations. Fraud and trafficking—and even unintentional errors that allow SNAP assistance to be provided to households that do not need it—risk undermining the credibility of the program and distract attention from the real needs of low-income Americans who turn to SNAP to put food on the table.

The budget also fully supports authorized food purchases for The Emergency Food Assistance Program (TEFAP). Local food banks, soup kitchens and food pantries have seen increased demand for food assistance, and TEFAP plays a critical role in ensuring that these organizations have a stable source of food and administrative funds to get food to those in need.

CHILD NUTRITION PROGRAMS

The budget requests about \$20.5 billion for the Child Nutrition Programs, to assist State and local governments in serving nutritious meals to children in public and private schools, child care institutions, and summer recreation programs. The budget renews a request for \$35 million to provide school meals equipment grants to school districts to purchase the equipment needed to serve healthier meals as required by the Healthy, Hunger-Free Kids Act (HHFKA), improve food safety, and expand access. The need for updated equipment is great; FNS has received requests totaling \$600 million from States and school districts around the country and the current budget request will be an important step toward addressing this need. These equipment grants also support the establishment or expansion of the School Breakfast Program since our prior experience shows that lack of adequate kitchen equipment is a prime reason why many schools are not able to initiate or expand their breakfast programs. The budget also includes a request for \$3 million in increased resources for Child Nutrition integrity efforts including support for State integrity efforts and technology solutions to local program management and monitoring challenges.

WIC

The President's budget includes over \$7.1 billion for the Special Supplemental Nutrition Program for Women, Infants and Children, or WIC, to ensure that all eligible persons seeking to participate can be served. The request will allow local communities to provide food, nutrition education and a link to healthcare to 8.9 million

women, infants and children expected to participate in the program in an average month. The budget request also includes \$30 million to continue the work with State agencies, food retail vendors and the payments industry to implement WIC EBT nationwide by 2020. Recognizing the established benefits of breastfeeding for mothers and infants, the budget sustains the investment in breastfeeding peer counseling at \$60 million. The budget also maintains a \$125 million Contingency Fund and includes an additional \$5 million in Federal Administration and Oversight for additional program integrity efforts including providing direct technical assistance to States on vendor management, monitoring competitive price criteria and maximum allowable reimbursement rates; performing in-depth, targeted reviews of high-risk program areas; and development of model software to assist State agencies in preventing and identifying program abuse.

COMMODITY ASSISTANCE PROGRAM

The President's budget includes \$272 million for the Commodity Assistance Program, including an increase of almost \$16 million for the Commodity Supplemental Food Program (CSFP). Funding for CSFP continues to support the current caseload by providing supplemental food assistance to many low-income seniors and others struggling to meet their monthly food needs. The request also includes over \$51 million for The Emergency Food Assistance Program (TEFAP) administrative costs. This funding enables hundreds of regional food banks, soup kitchens and food pantries to provide food to families who need it. Of the \$51 million requested, \$2 million would fund oversight activities such as management evaluation reviews and technical assistance for State and local TEFAP operations, to help ensure that program funds are being spent in accordance with law and regulation.

NUTRITION PROGRAMS ADMINISTRATION

Finally, the President's budget requests \$146.6 million to fund Nutrition Programs Administration and the Center for Nutrition Policy and Promotion. The request includes \$2 million to complete phase I of developing unified, Federal dietary guidance for infants and very young children from birth to 2 years of age. To date, the Dietary Guidelines for Americans have focused on Americans over the age of 2 because of the complexity of assessing the scientific evidence on the dietary needs and health outcomes of children in this age group. However, in light of emerging science on the importance of early nutrition on long-term health outcomes, unified Federal guidance is needed. The budget request also includes \$2 million for promotion of the Dietary Guidelines and MyPlate.

In conclusion, the President's budget supports the Nation's nutrition assistance programs so that they can fulfill their vital missions and provide benefits to eligible families who wish to participate. This budget makes smart investments that will improve the way Federal dollars are spent, while avoiding waste and focusing on program integrity. It also focuses resources on promoting better eating choices, both among program clients and the general population, to support a healthier future. I look forward to your questions.

Senator PRYOR. Thank you and we're not going to ask Mr. Young to say anything, but you're welcome to if you like to.

Mr. YOUNG. I'm fine, thank you.

Senator PRYOR. You'll stay right where you are?

Okay, listen, I have several questions for each of you, so I'll just jump right in. And we'll do 5-minute rounds, and then Senator Cochran I know has lots of questions as well.

RESEARCH FUNDING

Let me start with Dr. Woteki, if I may. I'll say I was pleased to see the funding increase request for NIFA. We're the world leader in agricultural production, and the demands on the industry are growing. We're being far outspent by China, India, Brazil, and others, when it comes to agricultural research. If we want to remain the world leader, we need to keep up our game.

While competitive funding is an important tool, capacity funding at our land-grant universities is equally important. Unlike competitive research, it provides a steady stream of revenue to allow a

wide range of real-time, real-world research that can solve local and regional problems immediately and can be disseminated through the extension service to make that research effective when it's implemented.

Our land-grant universities have provided the bedrock support that has made our agricultural research system the envy of the world and helped position the United States to be the world's largest food exporter.

Now some of the benefits that go along with this are lower transaction costs, increased relevancy for local stakeholders, assurance of broader distribution of funds, more diverse agricultural landscape, lower overhead, consistent support for core base and foundation research.

So, in addition, and one last thing, these funds are often highly leveraged with State and local governments often putting in as much as 10 times as much to do matching and to help maximize the effectiveness.

So, Dr. WOTEKI, I know you know this. I know you understand the value in the formula grant programs, even though the budget doesn't provide an increase for that. So why isn't the research increase provided in USDA's budget split between competitive and formula programs?

Dr. WOTEKI. Well, Mr. Chairman, we do agree with you on the importance of having a balanced portfolio of capacity and competitive funds. And the budget, we believe, expresses that continued commitment to have a balanced portfolio.

Our emphasis on increasing the competitive grants program is based on a series of studies and recommendations that have been made over the last decade-plus, the most recent one from the President's Council of Advisors on Science and Technology, which was issued in December of last year. And these studies have recommended that in our portfolio of agricultural research we should be changing that balance to include a greater proportion in the competitive grants area.

So this budget is reflecting that outside advice that has come through this most recent President's Council of Advisors on Science and Technology, as well as other studies that the National Academy of Sciences has done.

FSIS FURLOUGHES

Senator PRYOR. We may have some follow-up on that in a few minutes, but, first, I wanted to ask Dr. Hagen about the FSIS, which is something that Senator Blunt and I worked on recently to make sure that we found some funding to make sure there were going to be no furloughs and layoffs, et cetera.

Can you provide assurance to the subcommittee that no FSIS inspectors will be furloughed in fiscal year 2013, and that plant operations will not be impacted due to any lack of inspectors onsite?

Dr. HAGEN. Thank you. Thank you for your question, Mr. Chairman.

And I'd like to take this opportunity to thank you and Senator Blunt for coming to our assistance in that situation. We are very grateful.

And yes, I can assure you that the supplemental funding that we received is going to be adequate to avoid furloughs for the workforce. And therefore, the economic impacts that would've been attached to those furloughs will not be incurred by the regulated industry.

WIC BUDGET

Senator PRYOR. Right. That's great news.

Mr. Concannon, the budget includes a total of \$7.1 billion for WIC. Will this amount fully fund the anticipated participation?

Mr. CONCANNON. Yes, Mr. Chairman, the amount funded in the budget will fully fund WIC. As the chair and members of the subcommittee may be aware, WIC now serves in excess of 50 percent of American infants in the first year of life, and nearly as many births.

We anticipate next year, this budget is based on a forecast of 8.9 million participants each month, and the budget will fully fund the WIC program.

WIC PARTICIPATION

Senator PRYOR. Okay, so, given the, I guess I'd say volatile nature of this program, I guess you can say that, are you concerned that food prices or participation will increase over the next several months?

Mr. CONCANNON. Mr. Chairman, we have been working with State agencies across the country, urging them to particularly review their food packages in an effort to make sure they are fully availing themselves of efficiencies, and we have been seeing the effects of that in a lowered average food cost package.

For example, we're urging States not to reduce the amount of calories or the food groups, obviously, available to these moms or their children, but rather to look at, for example, moving from name brand, for example, whole grain breads to generic brands or house brands, which we have seen in some States make a considerable difference in the average food package cost.

WIC CONTINGENCY RESERVE

Senator PRYOR. Okay. And I've noticed also that the budget includes an increase of \$50 million for the WIC contingency reserve. Do you anticipate using any of that reserve in this fiscal year?

Mr. CONCANNON. Yes, Mr. Chairman. We anticipate relying upon that contingency reserve to get through this year. That's why the request is there for the contingency reserve for next year. It will be necessary.

Senator PRYOR. Do you know how much of that you will use?

Mr. CONCANNON. I don't off the top of my head. I know that the \$50 million is needed for next year, but I don't know how deep we're going to have to go this year.

IMPACT OF SEQUESTRATION ON WIC

Senator PRYOR. And what impact has sequestration had on WIC, if any?

Mr. CONCANNON. Well, earlier, the earlier forecast would've been an impact on 600,000 participants, between sequestration and the budget that was enacted. But we have been able to—with additional resources provided, are assured that we can serve all of the caseload this year without reductions.

Senator PRYOR. Okay.

Senator Cochran.

CHILD NUTRITION PROGRAMS

Senator COCHRAN. Mr. Chairman, it's a pleasure to join you and other members of the subcommittee in reviewing the budget request that will provide funding for food safety, research, nutrition, marketing, regulatory mission areas of the Department of Agriculture. That's a lot of stuff to keep up with and to monitor and administer in a fair way.

We were talking about food programs in the schools, and I couldn't help but remember back when my father was a principal of a small school in North Mississippi when I started school. And inevitably, there would be some children that didn't have lunch money that would be turned into the classroom teachers at the beginning of the week, and tickets could be bought to go through the lunchroom line. It was a soup and sandwich program, really, and totally locally administered and managed and funded through contributions either from the students themselves who could afford to contribute at very modest amounts to go through the line.

Anyway, we've come a long way since that, and I'm glad we're beyond that stage in our history, and we have programs now whose intent and purpose is to provide access to nutritious lunch programs in schools.

And my question is, is there something that we need to be doing that we're not doing to help achieve these goals? Are there weaknesses in the way the programs are operating or do we need to provide additional funding earmarked—oh my gosh—for certain special attention, if that's required?

Mr. CONCANNON. Well, Senator, the Healthy, Hunger-Free Kids Act authorized and funded by Congress has made a huge leap forward in terms of assuring that American children, not only the 32-plus million that participate in the National School Lunch Program, but all American schoolchildren, nearly 50 million, will be affected by that Healthy, Hunger-Free Kids Act.

Where there remains real challenges, as I've traveled the country, is in the equipment available to schools across the country. The President's budget request is for \$35 million for equipment grants. The stimulus fund of several years ago authorized \$100 million for schools across the country. We received \$600 million in requests.

As we've traveled to schools, particularly heating equipment and cooling equipment—schools for the most part have set aside those deep fryers and so on for deep-frying foods. They're using convection ovens. They're serving healthier foods.

And I would say the challenge for schools across the country, beyond the reimbursement provided in this bill for school meals, which is adequate, is really going to be in the equipment, the capital equipment area. And that's why there is a request for \$35 million this year.

Senator COCHRAN. Thank you.

Thank you, Mr. Chairman.

Senator PRYOR. Thank you.

Senator Udall.

Senator UDALL. Thank you, Mr. Chairman.

And it's good to see Mr. Ed Avalos here, a fellow New Mexican, and I know very popular in our State and a real credit to the Department.

So good to see you here today, Ed.

COUNTRY OF ORIGIN LABELING

As you're very well aware, I've been working since I've been in the Congress, both the House and the Senate, on the COOL issue. I was wondering if you could bring us up to date on that. Is the USDA on track to get the rule to modify country of origin labeling provisions finalized by May 23? And can you share with the subcommittee what kind of input you receive from producers on the proposed rule?

Mr. AVALOS. Absolutely, Senator Udall. Before I answer your question, I just wanted to comment. I got calls this week that we're actually getting rain in New Mexico.

Senator UDALL. The next question was going to be about drought. Good to hear, so go ahead. Yes, that's very exciting, especially when we're in this exceptional drought situation for a big chunk of the State and also extreme drought for other parts of it, so it's a very difficult situation.

Mr. AVALOS. Well, as you know, we did publish a proposed rule. The proposed rule had labeling requirements that had to show the production steps to identify where the animal was born, where it was raised, and where it was slaughtered.

The comment period closed, I think it was April 11. We received hundreds of comments. And I just want to assure you that we do plan to move forward with a final rule before the deadline of May 23.

Senator UDALL. Great, thank you very much.

DROUGHT MITIGATION RESEARCH

And Under Secretary for Research, Education, and Economics, you've heard me talk a little bit about the drought and New Mexico's situation. I'm wondering if you could share with the subcommittee the ways in which your mission area is currently helping producers face water and drought challenges, and share your vision of how these efforts can be increased in the future. How does the President's fiscal year 2014 budget reflect this need for new ideas and research on dealing with water scarcity?

Dr. WOTEKI. Senator Udall, one of the themes that runs through our current research priorities is building resilience into agricultural systems, cropping systems or livestock systems. And in that concept of resiliency is how do we make the best use of water resources; how do we develop new crop varieties that are going to be able to sustain too much water or too little water, depending on what time of the season it may come; and also how to build in disease resistance and pest resistance at the same time. So water is a central focus of our research priorities.

And the way that we're addressing it is through a combination of research programs to develop livestock systems and cropping systems with the resiliency to drought as well as to flooding conditions. Doing economic analysis is going to be helpful to farmers to understand what the impacts of this most recent drought has been, as well as future perspectives. And to work with the cooperative extension and our land-grant university partners to get information that's coming from research programs, whether it's the intramural program at ARS or work that's being funded at the land-grant universities, and to get that information into farmers' hands, so that they can be making the best choices on seed purchases for an upcoming planting season, based on the projections of weather conditions for that region. So it's kind of a package of activities.

And we've also been using a lot of forecasting and remote-sensing information, cooperating with our partners in the National Oceanic and Atmospheric Administration (NOAA) to provide more information in easily accessible forms like our drought Web pages that have received, literally, tens of thousands of visits, so it's a package approach.

Senator UDALL. That's a good approach. Thank you both for your answers and really appreciate the service of all of the panel members. Thank you.

I yield back, Mr. Chairman.

Senator PRYOR. Thank you.

NATIONAL POULTRY IMPROVEMENT PLAN

Mr. Avalos, let me start with you, if I may. The National Poultry Improvement Plan (NPIP) for almost 70 years now has been recognized as the gold standard here and around the world when it comes to poultry disease control.

Are you aware of any proposed changes to the governance, structure, or mission of NPIP that would jeopardize USDA's avian influenza surveillance in commercial poultry, the continued indemnification of poultry workers in case of a disease outbreak, or make more difficult to U.S. ability to meet all appropriate World Organization for Animal Health standards?

Mr. AVALOS. Mr. Chairman, I just want to emphasize that avian health is very important to us at APHIS. Just last week, we had representatives from the poultry industry that came in to visit with us. They talked about the National Poultry Improvement Plan and how important it was to them.

And I just want to emphasize that we feel that the National Poultry Improvement Plan is a model, really a model for the world. It demonstrates tremendous cooperation between the State and Federal Government and the poultry industry. And we are going to fully support it in 2014, just like we do today.

On surveillance, the budget cuts that we have would not impact whatsoever on surveillance. It's a top priority for us, and we are going to maintain the same level of surveillance for the poultry industry.

Senator PRYOR. Okay. So you don't anticipate any changes at all that will hurt your ability to do that?

Mr. AVALOS. We do not.

Senator PRYOR. Great.

POULTRY SLAUGHTER MODERNIZATION

And let me go ahead and jump back to Dr. Hagen, and let me just say the Department is continuing to move forward with the implementation of new methods of poultry inspection. And we appreciate the USDA, that it has piloted and analyzed these procedures at a variety of plants for some years.

If you could discuss with us the results of your analysis of the pilot, particularly to provide assurances that food safety will be improved, and worker safety, both inspectors and plant employees, will not be impaired.

Dr. HAGEN. Thank you for your question, Mr. Chairman.

And I just want to be clear when I start that we are not yet moving forward. This is a proposed rule. We don't have a final rule. And obviously, we can't really predict the outcome of notice-and-comment rulemaking.

This is an opportunity, a rare opportunity, the regulatory agency has to actually move our mission forward, which is to protect consumers and to reduce illnesses. While we do this at greater efficiency and while we are better stewards of taxpayer dollars, often we find that in order to do something better, it costs more. And in this case, we're finding a way to do it more efficiently.

We also find that there are real, tangible benefits beyond the food safety for consumers and for the industry in the way of shared financial benefits.

So this is a top priority for us. We have been inspecting poultry for the same way basically since the 1950s, so we've got to do better.

So we started with the premise that we need to be focused on the things that matter most for food safety, that the things that we knew about in the 1950s were not the things that we should be focused on now. We started with a very common-sense premise. We took a look back at our experience. We've been engaged in a pilot program since 1998 in 25 establishments, three of which are in your State, Mr. Chairman, or three of which are in your State. I think two are in your State, Senator Cochran.

And we looked at a series of performance standards that were set from the beginning of that pilot program, everything from visible defects and contamination rates in comparison plants versus pilot plants, to bacterial contamination rates. And across-the-board, we found that the plants in the pilot actually were doing better when it came to these performance measures.

So we found that we had not only an equal level of consumer protection but an enhanced level of consumer protection.

We then went ahead and analyzed what we thought would happen if we implemented this across the board, so we did a quantitative, peer-reviewed risk assessment, an internationally accepted tool for supporting public health policy. And we asked how many illnesses will be reduced if we take these people off of these tasks on the line, and we have them do more of these tasks over here. And we found that, at minimum, 5,200 illnesses per year would be prevented simply by changing where our inspectors are focused and the tasks that they are performing.

Those assessments didn't include additional interventions that might be employed by the industry. They didn't include additional data that we anticipate gathering on *Campylobacter* as we implement our verification program there.

So I think this is a real opportunity for us. We have the data to prove that we're headed in the right direction. And we look forward to hopefully finalizing this proposal.

Senator PRYOR. And I guess my next two questions are, why is it not already final, because you've been working on this for a long time, and it seems like the evidence is steering you in that direction? So why is it not already final? And then, when do you think it will be final?

Dr. HAGEN. We don't control the timetable for all of notice-and-comment rulemaking. We have a piece of that. We really value the public input, that's a cornerstone of the notice-and-comment rule-making process.

So we received thousands of comments about this rule. There are a lot of opinions from multiple different perspectives, and we have an obligation to actually consider and address every single one of those opinions that has been expressed to us.

So that's the process that we have been engaged in.

We've also been trying to make sure that we are focused to the extent that we can on worker safety issues. We know what the limits of our expertise are. We know what the limits of our authority are. We know the leadership in the administration that has that expertise, at the Occupational, Safety, and Health Administration (OSHA) and at the National Institute for Occupational Safety and Health (NIOSH), and so we've been focused on whether there is some ability for us to facilitate better data-gathering by those entities and to support them as they make worker safety policy. So we've been focused on that to some extent.

But we are in the process of preparing the final rule, and we hope to get it through the interdepartmental review process very soon.

POULTRY INSPECTOR POSITIONS

Senator PRYOR. Do you have a sense of if, once the rule becomes final—you might not be able to answer this yet. But do you have a sense of how many fewer poultry inspectors you'll need in the system?

Dr. HAGEN. Over time, we anticipate that there will be 500 to 800 fewer positions, on-line positions. I want to be clear that we aren't eliminating individuals' jobs. We have a plan for every inspector to have an opportunity to take a different position in the agency.

We actually have a significant amount of attrition every year in the inspection workforce, so we're going to be managing this through simply not filling, backfilling vacancies as they come about.

AQUACULTURE

Senator PRYOR. I want to ask something, if I may, to Mr. Avalos, and this is something that both Senator Cochran and I have in our States, and that is aquaculture.

Since APHIS's Wildlife Service has reduced funding for aquaculture, it's my understanding that on-site visits to fish farms in most States have been stopped. These visits, among other things, are an extremely important part—in fact, a central part of the process for farmers to apply to the U.S. Fish and Wildlife Service Migratory Bird Depredation Permit.

Can you look in to this matter and make sure that our fish farmers will be able to protect their products? And also, would you support a budget line item that will prevent aquaculture funding from being taken away in future years?

Mr. AVALOS. Mr. Chairman and Ranking Member Cochran, first, I want to say that at USDA, we really appreciate the importance of aquaculture industry to the United States, and the importance it has to the rural communities, especially in the South. I personally am very familiar with the catfish industry. And I understand and I acknowledge a lot of the difficulties they've had in the marketplace with depressed prices.

In fact, last year, we did a section 32 buy for catfish. We removed \$10 million worth of catfish from the marketplace. This year, we're looking at another section 32 buy for catfish.

So first of all, I want you to know we're not abandoning the aquaculture industry, whatsoever. Just with the budget cuts, we did have to prioritize. We only have so much money to go around, and we did have to cut aquaculture. But I want to emphasize that we still have the research facility in Mississippi. It's a very, very important component at USDA.

And our Wildlife Services people will still be able to verify bird damage, and we'll still be able to help producers obtain the depredation permits.

Senator PRYOR. Yes, I think the way it's worked up to this point is pretty much that person has to come out on the farm and there's various things, information that's shared and data that's gathered and whatnot. And that's been an essential part of getting those permits. So we just need to make sure that if the visits stop, that the permitting process doesn't stop.

Mr. AVALOS. I understand that very well, Mr. Chairman, absolutely.

Senator PRYOR. Thank you.

SNAP CONTINGENCY RESERVE

Next, for Mr. Concannon, the budget proposes an increase of \$2 billion for SNAP contingency reserve. If participation is expected to decrease slightly, why are you asking for an increase in reserve?

Mr. CONCANNON. Mr. Chairman, the request this year in this budget is for a \$5 billion contingent, contingency fund, which is approximately 1 month of benefits. This year, we are reliant upon \$2.7 billion in contingency to get through the year for SNAP. And we're able to accommodate that this year. But the request for that increase in the contingency fund next year recognizes that it's about 1 month of benefits and that we want to be assured that we can successfully get through the next year.

Senator PRYOR. But am I correct that you think participation is expected to decrease?

Mr. CONCANNON. Yes, Mr. Chair, where the budget forecasts a 2.4 million reduction based on again, as I mentioned in my testimony earlier, we're seeing signs already in about eight or so States of reductions year to year, looking back over the past year. So I anticipate that reduction, that proposed budget forecast, the 2.4 million average participation reduction.

Senator PRYOR. Does that translate into a guess that you will not need the reserve amount this fiscal year?

Mr. CONCANNON. We will need \$2.7 billion that is moved forward from last year for this current year.

Senator PRYOR. You think you'll use that? You'll actually use the \$2.7 billion?

Mr. CONCANNON. Yes, sir.

Senator PRYOR. All right, let me ask Dr. Hagen another question, this time about the hazard analysis and critical control points. I know that you have been working with several interested parties on the HACCP plan reassessment for not-ready-to-eat poultry products. I don't have a question really, I just want to encourage you to continue those good faith discussions and want you to know that if I can be of assistance in that, I want to try to help on that, if I can.

DALE BUMPERS SMALL FARMS RESEARCH CENTER

Again, Dr. Woteki, let me ask you about a facility in Arkansas, the small farm center in Booneville, actually named the Dale Bumpers Small Farms Research Center. And I talked to the Secretary about this last week, and I'm not going to go through all the details of it, but basically, I'm just going to assume that the reason the funding is the way it is in this budget, or the lack of funding, is just because of the unusual timing of the request. And I just mentioned to Secretary Vilsack last week, but it does bear repeating, that I don't intend to close Booneville ARS lab in this bill, so as we're working on things for next year, I hope we'll take that possibility off the table and just continue to work on that.

But I do have a question about the ARS extramural human nutrition centers. We have one in Arkansas. It's at the Arkansas Children's Hospital. And it's unique among the human nutrition centers at ARS, and it is housed within Arkansas Children's, as I mentioned. And I would just like in another setting to visit with you about that funding, what makes it unique, and make sure that we all understand what's going on there with the ARS system and, hopefully, continue that funding.

Dr. WOTEKI. We'd be happy to do that, Senator.

AGRICULTURAL RESEARCH SERVICE ASSESSMENTS

Senator PRYOR. Thank you. And also, Dr. Woteki, I'm really not trying to pick on you. I just have a few questions for you.

But in the ARS budget, the budget itself, as you know, is—let's be kind and say it's somewhat difficult to navigate. Can we just say that? That it's a hard budget to understand, and it's difficult just to get your hands around. And I'd like to find a better and maybe simpler way to improve it or at least make it more transparent.

And without a line item for administrative expenses, can you please discuss the different types of assessments that might be lev-

ied on your various research locations as well as on your extramural cooperators, and why they would ever vary from one location to another?

Dr. WOTEKI. To answer the first part of your question about what are the types of costs that are in the overhead that ARS is charging against all of its locations, we have a centralized administrative and financial management unit that's responsible for human resources, for contract activities, for all of our financial oversight and management. And so all of those costs are built in to the overhead.

We have had, as you point out, some extraordinary problems over the last 3 years. The total budget cuts that have come to the mission area are approaching 20 percent. And in 2012, we were implementing the closures of 12 programs within ARS that were located at 10 different locations that required the closing of those 10 locations.

The costs that are associated with that have to be taken, and ARS imposed an additional levy on all of its facilities in order to manage that one-time cost associated with closure of facilities. So that was another source of the overhead costs that you're referring to in 2012.

Senator PRYOR. I think what we'd like to do is, I'd like to get a better understanding of how that works. I know it's hard to follow and hard to understand, and maybe there are ways that we can improve it. Sometimes you need to be careful of what you ask for, but hopefully, maybe we can find ways to improve it and make sure that we're doing our role here and doing some oversight and making sure it's working as it should.

Let me turn it over to Senator Cochran, he has a few more questions.

Senator COCHRAN. Mr. Chairman, thank you.

CATFISH INSPECTIONS

In connection with the inspection programs, I wonder what is the status of our effort to increase the effectiveness of our inspection of domestic fish production.

The catfish industry is very important in some Deep South States now. And there's concern that even though we have authorized and provided funding, which we hope would be used by the Food Safety and Inspection Service to assure that supplies of catfish that are being produced in several southern States now, and maybe others too, are fit for human consumption and are safe to eat.

What is the status of our effort to make sure we're meeting the challenge of the catfish inspection and grading program?

Dr. HAGEN. I'll take that question, Senator. I know how important this is to you. I remember that you and I visited about this issue when I was coming up through confirmation, and I remember that we visited again in your office as we were getting close to a proposed rule. So I know how important this is for you and for the producers in your State. And I understand the frustration with the delay.

I think it has turned out to be more complicated than we thought it would be. I am committed to trying to get this out, getting a final

rule out by the end of the fiscal year. And as I alluded to earlier with the chairman, sometimes there are pieces of that timetable that we don't control. But our staff knows that this is a priority, and I look forward to visiting with you about a final rule.

Senator COCHRAN. Thank you very much. We appreciate your good efforts.

Senator PRYOR. Thank you, Senator Cochran.

ADDITIONAL COMMITTEE QUESTIONS

And with that, we have other questions that we're going to submit for the record. And I know that some of our colleagues who could not join us today will have some questions. So I would like to thank all of our panelists today, all of our witnesses for being here, and tell you how much I appreciate your time and your testimony, and all the follow-up that will come with it.

I also want to give a special thanks to Senator Cochran. Thank you not just for being here today but for all that you've done for American agriculture.

So for all of the members of the subcommittee, what we're going to do is we'll leave the record open for 1 week, which is Thursday, May 23. And we would appreciate if you would get your questions in as quickly as possible and then get it to USDA. We'll try to get those back as quickly as we can as well.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO ED AVALOS

QUESTIONS SUBMITTED BY SENATOR MARK L. PRYOR

PLANT AND ANIMAL PESTS AND DISEASES

FERAL SWINE

Question. Mr. Avalos, the Animal and Plant Health Inspection Service (APHIS) is responsible for controlling domestic plant and animal pests and diseases, and guarding against the introduction of new threats from foreign sources. This budget seeks a substantial increase in funding to address the spreading feral hog problem, but cuts funding for other established, but uncompleted, programs (such as the cotton pests program, emerald ash borer, and chronic wasting disease).

Feral hogs are a growing menace, and pose substantial health and economic risks to agriculture and rural areas. But, how do you evaluate the relative threats of pests and diseases, and determine that for this budget feral hogs pose the most immediate or potentially costly menace?

Answer. APHIS continues to evaluate its existing animal and plant health programs to determine the best use of resources. For example, the longstanding Cotton Pests program remains a priority for the agency but we have proposed reductions due to the progress made over the years toward eradication. As of the end of fiscal year 2012, we have eradicated the boll weevil from 98 percent of 16 million acres of U.S. cotton and pink bollworm from 99 percent of infested cotton acreage. APHIS has also proposed reductions for other programs because we are unable to make progress, such as in addressing the emerald ash borer where tools to control the pest do not currently exist, or because the States and industry are in a better position to address the disease, such as where States have implemented herd certification programs for the detection and prevention of chronic wasting disease. In addition, for pest and disease programs that have been in place for many years, and where State and local partners directly benefit from the program activities, it is expected that all parties share in the cost of the program.

Feral swine pose a growing threat and we do not currently have a coordinated effort to address the problem. The expanding range and increasing population of feral swine are significantly affecting animal and human health; crops and livestock;

rural, suburban and even urban areas; and natural resources, causing an estimated \$1.5 billion in damages annually. The sooner we can begin a broad scale program, the more likely we can minimize further expansion and damage, and minimize expenditures, program duration, and ecological impacts. We have an opportunity now to resolve an economic and public health problem before the swine population is too large and too distributed to contain. In addition, our plan to reduce feral swine is strongly supported by a broad array of Federal and State, and tribal partners.

RESOURCE FLEXIBILITIES

Question. Please describe the flexibility that you have to address new and emerging threats during the year.

Answer. APHIS' budget is structured by commodity group, such as Cattle Health and Specialty Crop Pests. The structure provides the agency the flexibility to prioritize existing as well as new and emerging threats within each of these commodity groups and adjust resources as necessary throughout the year. APHIS works with its partners to develop an action plan for addressing the various threats, including the estimated resources to be provided by each party. When a new or emerging threat requires additional Federal resources of a smaller scale in nature, the agency may use its Contingency Fund, which was established for the prevention, control, and management of animal and plant threats. In recent years, contingency funds allowed for an initial response to the European grapevine moth in California and a pilot effort in addressing feral swine in New Mexico. The Secretary of Agriculture also has the authority to transfer funds, as necessary, to address animal and plant health emergencies. In fiscal year 2012, APHIS used flexibility within the Tree and Wood Pests line item, along with additional funds the Secretary transferred from the Commodity Credit Corporation, to respond to an infestation of Asian longhorned beetle detected in Ohio, which was of larger scale in nature. These resource flexibilities, along with the early detection and emergency response capabilities of the agency, ensure that new and emerging agricultural threats can be addressed as they arise.

AVIAN HEALTH

Question. What role does USDA have in monitoring the new H7N9 virus in China?

Answer. USDA personnel continue to work closely with the Centers for Disease Control and Prevention, the Department of the Interior (DOI), and other Government agencies to monitor the H7N9 virus situation, assess potential pathways for introduction, and modify existing preparedness and response plans if deemed appropriate. USDA, in collaboration with DOI, concluded that the potential for whole genome introduction of H7N9 in North America is low. USDA has also determined that the current sampling strategy for domestic commercial poultry is more than adequate to detect avian influenza H7N9 from China if it were introduced to the United States.

USDA officials overseas facilitate agricultural trade, maintain contact with host country agricultural officials, monitor agricultural health, and lead efforts in sanitary and phytosanitary standard setting. USDA offices located in Asia provide points of contact for U.S. agricultural interests and help collect relevant real-time information, including updates on avian health and the current situation with regard to the H7N9 virus. Specifically, APHIS' office in Bangkok, Thailand, remains focused on avian health in Southeast Asia's lesser developed economies. APHIS conducts surveillance and capacity building activities, provides training and oversees epidemiology and diagnostic testing throughout the region.

Question. How is the Department working to ensure the virus does not infect our domestic poultry flocks?

Answer. USDA protects against the introduction of highly pathogenic avian influenza into the United States and the spread of low pathogen avian influenza within the United States. USDA personnel work cooperatively with State animal health officials and the poultry industry to conduct surveillance of breeding flocks at slaughter plants, live-bird markets, livestock auctions, and poultry dealers. The agency continues to work closely with stakeholders to address issues and ensure program activities are sufficient to protect the health of U.S. poultry.

USDA has determined that the risk of spread of the novel low pathogenic avian influenza virus, H7N9, from China to the United States through migratory waterfowl and trade is low. USDA surveillance activities in wild birds would detect the virus should an introduction occur. Our current efforts in monitoring for avian influenza meet the requirements of our trading partners. Furthermore, USDA has trade requirements in place to prevent the legal entry of potentially infected materials.

The United States does not import poultry, unprocessed poultry products, or non-domestic birds (with the exception of pet birds that are quarantined and tested) from China. Additionally, low pathogen influenza viruses are not found in meat or eggs. Therefore, there is also a low risk of spread through products brought illegally into the United States. Finally, our current efforts in monitoring for avian influenza meet the requirements of our trading partners.

SEQUESTRATION AND FURLOUGHS OF GRAIN INSPECTION, PACKERS AND STOCKYARDS
ADMINISTRATION EMPLOYEES

Question. The Grain Inspection, Packers and Stockyards Administration's (GIPSA's) Grain Regulatory Services program facilitates and promotes domestic and international trade of grains and oilseeds, etc., by establishing standards, inspections, and weighing services. Will sequestration disrupt provision of these services and harm the domestic and international markets for these commodities?

Answer. Due to cost-savings efforts, GIPSA was able to avoid furloughs in fiscal year 2013, and continue to provide the necessary services for establishing standards, inspections, and weighing services for the domestic and international trade of grains and oilseeds. As a result, we do not anticipate any disruptions of services this fiscal year.

Question. If so, do you foresee long-term damage to our export trade?

Answer. Since GIPSA did not furlough employees, we do not currently foresee immediate or long-term damage to our export trade. However, continued decreases in funding for the Grain Regulatory Services may require GIPSA to make reductions in the inspection and weighing services that provide support for U.S. grain producers, handlers and marketers of U.S. grain, domestic and export.

QUESTIONS SUBMITTED BY SENATOR ROY BLUNT

FRESH PRODUCE IMPORT PROTOCOLS

Question. How often does APHIS review and evaluate existing fresh produce import protocols given the many advancements in agricultural sciences and technology, historical sampling data and risk level assessment?

Answer. APHIS monitors and evaluates data from multiple sources on a continual basis to ensure that inspection protocols provide protection for U.S. agriculture without over-burdening importers. Customs and Border Protection (CBP) agricultural specialists at U.S. ports of entry conduct inspections on APHIS' behalf and enter the inspection results into APHIS-managed databases. APHIS continually evaluates this data to detect significant pest interception trends and changes to produce import trends (for those commodities inspected by CBP). APHIS may adjust port-of-entry inspection protocols based on these trends and, depending on the situation, may require changes in inspection techniques or changes in the levels or frequency of inspections. For example, APHIS and CBP developed the National Agricultural Cargo Release program several years ago to facilitate the entry of high-volume, low-risk commodities such as onions, carrots, and parsley from three major trading partners (Mexico, Guatemala, and China). Currently, 34 commodities are covered by the program, which expedites the entry of cargo by significantly reducing the frequency of inspections. Low-risk cut flowers from five countries are also covered through the Cut Flower Release Program. Through these programs, more than 400,000 shipments of fruits and vegetables and 1.9 billion stems of flowers were imported in fiscal year 2012. Since the programs began in fiscal year 2006, more than 2.9 million shipments of fruits and vegetables and more than 16.6 billion stems have been imported using these streamlined risk-based efforts.

In addition to inspection protocols, APHIS uses other means to ensure that the appropriate pest mitigation measures are in place to protect U.S. agriculture while considering agricultural technology advances. For example, APHIS partners with USDA's Agricultural Research Service and universities to develop molecular and other diagnostic techniques for improved identification, coordinates with counterparts overseas to identify and address pest risk issues at their source, and makes regulatory changes on an emergency action basis, if necessary, to address immediate and significant risks. In addition, APHIS collects pest information (for example, reports of new pests, pests in a new area, or found attacking new hosts) offshore from various sources. APHIS uses this information to assess potential import pathways and determine whether regulatory or inspection protocol changes are necessary to mitigate the risks. Additionally, APHIS evaluates new phytosanitary treatments developed through technological advances as they become available.

When the treatments are effective and/or exporting countries request it, APHIS may adjust import regulations and protocols to permit additional commodities to enter the United States and provide new options for U.S. consumers and importing businesses. For example, the use of irradiation as a phytosanitary treatment is currently used on mangoes from Mexico and persimmons from South Africa.

Question. Is CBP data taken into consideration when APHIS revises inspection protocols and does APHIS discuss these protocols with CBP?

Answer. Customs and Border Protection (CBP) agricultural specialists at U.S. ports of entry conduct inspections on APHIS' behalf and enter the inspection results into APHIS-managed databases. APHIS continually evaluates these data, as well as information from a variety of other sources, to detect significant pest interception trends and changes to produce import trends. If APHIS determines that inspection protocols need to be adjusted to protect U.S. agricultural health, APHIS discusses the situation and the specific recommendations for protocol changes with CBP. Inspection protocols consist of both recommendations related to amount, frequency, and methodology for sampling, as well as inspection techniques designed to focus on high risk pests and methods to best find them on various commodities. The discussions with CBP take place in advance of implementing changes to ensure that resources are available to conduct the work in a manner that minimizes disruption to trade. APHIS is currently working with CBP through the Automated Commercial Environment/International Trade Data System to enhance data sharing, which will further improve APHIS' risk evaluation and trend analysis.

Question. How does USDA work with CBP to ensure maximum efficiency for safe and timely entry of fresh produce and adequately allocate resources relative to the level of risk without creating an excessive financial burden on the importer, thereby negatively impacting local, regional businesses and consumers?

Answer. USDA works closely with Customs and Border Protection (CBP) to focus resources towards inspection activities that will have the greatest impact to ensure the safe and timely entry of fresh produce by using data collected through the inspection process by CBP as well as data from external resources, such as APHIS' offshore risk analysis efforts. USDA provides guidance to CBP in various forms, including import manuals, pest notifications, and inspectional training, to help maximize the efficiency and effectiveness of port-of-entry inspections. For example, APHIS and CBP developed the Cargo Release Authority (CRA) program several years ago to ensure that cargo is not held unnecessarily for pests of low risk. Through this program, APHIS provides training to CBP agricultural specialists to identify frequently intercepted, low-risk insects. CBP agricultural specialists can earn CRA for 173 different species or groups of organisms. Once CBP agricultural specialists have demonstrated the ability to reliably identify a particular insect and have earned the CRA for that insect, they can release future shipments affected by that insect without waiting for additional confirmation from APHIS.

Additionally, APHIS and CBP developed the National Agricultural Cargo Release program several years ago to facilitate the entry of high-volume, low-risk commodities such as onions, carrots, and parsley from three major trading partners (Mexico, Guatemala, and China). Currently, 34 commodities are covered by the program, which expedites the entry of cargo by significantly reducing the frequency of inspections. Low-risk cut flowers from five countries are also covered through the Cut Flower Release Program. Through these programs, more than 400,000 shipments of fruits and vegetables and 1.9 billion stems of flowers were imported in fiscal year 2012. Since the programs began in fiscal year 2006, more than 2.9 million shipments of fruits and vegetables and more than 16.6 billion stems have been imported, saving importers time through less frequent inspections. APHIS and CBP continue to work together to ensure that agricultural inspections are effective, efficient, and risk-based.

Question. How does USDA collaborate with CBP to ensure proper resources are available so that USDA inspections can be completed within on 1 day of freight being available after discharging from the vessel?

Answer. Customs and Border Protection (CBP) agricultural specialists conduct inspections on APHIS' behalf, and these inspections may not always be conducted within 1 day of freight discharge. Once shipments are inspected, CBP forwards any interceptions for which the CBP agricultural specialist does not have CRA to APHIS identifiers located at 32 ports of entry. In most cases, APHIS identifiers can make the identification immediately. Additionally, identifiers have a state-of-the art digital imaging system so that, in the event of an unusual or difficult specimen to identify, images of the organism can be forwarded to a network of highly specialized experts in the various fields of entomology, plant pathology, botany, etc., to help make the identification. In certain cases, APHIS port-of-entry identifiers need to send specimens to APHIS national specialists or to specialists at the USDA Agricultural

Research Service Systematic Entomology Laboratory, all of whom understand the need for immediate identification and treat these specimens as urgent cases. In these cases, APHIS is able to complete the vast majority of identifications and report back to CBP within 1 working day.

QUESTIONS SUBMITTED TO DR. CATHERINE WOTEKI

QUESTIONS SUBMITTED BY SENATOR MARK L. PRYOR

AGRICULTURAL RESEARCH SERVICE BUILDINGS AND FACILITIES

Question. Dr. Woteki, the Agricultural Research Service (ARS) budget includes \$155 million to build a new poultry lab. Why did you decide, in this budget climate, to ask for a brand new, very expensive building, instead of attempting to take care of some of the deferred maintenance needs at the rest of the ARS labs?

Answer. At the request of Congress and the Secretary of Agriculture, the USDA Agricultural Research Service (ARS) conducted a review of its research facilities and presented a report to Congress in April 2012, which details a Capital Investment Strategy for the agency. The report establishes criteria for assessing and determining capital investment needs and priorities for ARS scientific research laboratories, based upon relative facility physical conditions and research program priorities. The highest priority facility need identified through this process was a new National Poultry Research Center which will enable needed research on poultry diseases to be conducted.

ARS research on poultry diseases is critical to American agriculture. The United States is the world's largest poultry producer, the second-largest exporter of poultry meat, and a major egg producer. Poultry diseases such as avian influenza, virulent Newcastle disease, Marek's disease, and avian leukosis threaten our national poultry industry and our export markets. ARS currently conducts poultry disease research at the Avian Diseases and Oncology Laboratory (ADOL) in East Lansing, Michigan, and at the Southeast Poultry Research Laboratory (SEPRL) in Athens, Georgia. The fiscal year 2014 President's budget proposes to consolidate ADOL with SEPRL in Athens, Georgia. The proposed consolidation of ARS poultry resources into a National Poultry Research Center will enable the integration of our avian genomics research program at ADOL with our avian diseases research program at SEPRL and provide significant programmatic synergies and critical mass needed to implement a national research program responsive to the needs of the poultry industry.

The existing facilities at both ADOL and SEPRL require major improvements because the structures and systems have exceeded their useful service life. Both of these facilities have outdated equipment for biological containment, insufficient laboratory space, and facility-imposed inefficiencies in program and facilities operations. SEPRL has Biosafety Level (BSL)-2 Laboratory and BSL-3 Ag facilities that were constructed in 1964 and 1976. There are 32 small, inefficient buildings designed for four scientists and support staff. Currently, there are 11 ARS scientists and their support staff. Critical, cutting-edge research that is needed to address poultry diseases cannot be conducted because of these facility limitations. A new facility is required to continue efforts to protect our poultry industries from new and emerging influenza viruses and emerging/exotic poultry diseases which threaten the Nation's poultry industry and potentially U.S. public health. The new National Poultry Research Center will have ABSL-3E animal and BSL-3E laboratory space which will enable ARS scientists to handle and conduct research on exotic poultry diseases. These are facilities that meet requirements for handling infectious materials and have special engineering and design features to prevent exposure to dangerous diseases. ARS infrastructure, including our laboratories, is a valuable asset for science and we are committed to leveraging our assets to increase USDA's capacity to conduct critical research and to solve emerging problems.

QUESTIONS SUBMITTED TO DR. ELISABETH HAGEN

QUESTIONS SUBMITTED BY SENATOR MARK L. PRYOR

COOPERATIVE INTERSTATE SHIPMENT PROGRAM

Question. Dr. Hagen, your request includes \$2.4 million and a staff increase of 15 employees to continue implementation and expansion of the Cooperative Interstate

Shipment Program. This program will assist small and very small meat and poultry plants in expanding business opportunities through interstate commerce.

Please describe how this program works and the need for 15 additional employees.

Answer. Section 11015 of title XI of the Food, Conservation, and Energy Act of 2008 (the 2008 farm bill), enacted on June 18, 2008, amended the Federal Meat Inspection Act (FMIA) and the Poultry Products Inspection Act (PPIA) to establish the Cooperative Inspection Shipment (CIS) program under which certain small and very small State-inspected establishments will be eligible to ship meat and poultry products in interstate commerce. The law provides that the Secretary of Agriculture (FSIS by delegation) “in coordination with the appropriate State agency of the State in which the establishment is located,” may select State-inspected establishments with 25 or fewer employees to ship meat and poultry products in interstate commerce. The program is limited to establishments located in States that have established and continue to maintain an “at least equal to” State meat or poultry inspection (MPI) program. Inspection services for these establishments must be provided by State inspection personnel that have “undergone all necessary inspection training and certification to assist the Secretary with the administration and enforcement of [the acts]”. Meat and poultry products inspected and passed by the State inspection personnel will bear a “Federal mark, stamp, tag, or label of inspection” and will be permitted to be shipped in interstate commerce.

The law requires that FSIS designate an employee to “provide oversight and enforcement” of the program. The statute requires FSIS to appoint a Federal employee to be a Selected Establishment Coordinator (SEC) and the SEC is required by statute to visit selected establishments with a frequency that is appropriate to ensure that such establishments are operating in manner that is consistent with the FMIA and PPIA. Based on a mission analysis, we estimate that full implementation of the CIS will require 15 full-time equivalent FSIS employees to provide oversight and enforcement as well as complete periodical audits of the State inspection program laboratory systems to ensure the sampling and testing program are equivalent to the Federal program.

FSIS published a final rule to implement the CIS program on May 2, 2011 (see “Cooperative Inspection Programs: Interstate Shipment of Meat and Poultry Products,” available on the Internet at: <http://www.fsis.usda.gov/OPPDE/rdad/FRPubs/2008-0039F.pdf>). The regulations that implement the CIS program are in 9 CFR 321.3, 9 CFR part 332, 9 CFR 381.187, and 9 CFR part 381 subpart Z.

Question. How are costs shared between the Department and participating States?

Answer. The law requires that FSIS reimburse a State for costs related to the inspection of selected establishments in the State in an amount of not less than 60 percent of eligible State costs. Currently, FSIS is reimbursing States for 60 percent of their eligible costs. The law also states that FSIS “may provide grants to appropriate State agencies to assist the appropriate State agencies in helping establishments covered by this Act to transition to selected establishments”. This includes normal operating expenses associated with field operations including office space, communications costs, information technology costs such as laptops, other equipment, and travel costs.

Question. What do you think the ultimate potential is in terms of increasing the value of products shipped, jobs and income generated?

Answer. Under the CIS program, small, State-inspected businesses will be allowed to sell meat products across State lines. Prior to the establishment of this program, State-inspected businesses could only sell products within their State. The Cooperative Interstate Shipment (CIS) program will expand economic opportunities for America’s small meat and poultry processors, strengthen State and local economies, and increase consumer access to safe, locally produced food. The CIS program allows a small processor to sell products to neighbors in nearby States. A number of small plants believe that access to this interstate shipment will help them develop profitable niche markets for their products. The CIS program expands the market opportunities for meat from local processors and makes these small businesses more viable, while also ensuring that participating establishments have robust food safety systems in place to produce safe food for consumers. In addition, the CIS program is going to focus on strengthening the critical connection between farmers and consumers and supporting local and regional food systems.

IMPLEMENTATION OF NEW POULTRY INSPECTION RULE

Question. The Department is continuing to move forward with the implementation of new methods of poultry inspection. These new procedures will shift more of the visual inspection responsibilities to industry personnel. This will reduce the number

of FSIS online carcass inspectors, allow faster line speeds, and re-focus FSIS efforts on improved food safety. We appreciate that USDA has piloted and analyzed these procedures at a variety of plants, for some years.

Several swine slaughter plants were included in this pilot project. The Office of Inspector General (OIG) has just released an audit of swine slaughter operations which includes a review of these plants.

The OIG found that “The swine HIMP pilot program lacks sufficient oversight.” Specifically, it found that FSIS did not evaluate whether the program resulted in measurable improvements to the inspection process. FSIS allowed one plant to forgo standard policy and not perform required visual inspections. Furthermore, three of the five pilot plants audited had some of the highest numbers of regulation violations (“non-compliance records”) of all plants nationwide.

What is your response to these criticisms?

Answer. It is important to note that HIMP for poultry and HIMP for swine are not the same pilot programs, so they cannot be compared to each other.

FSIS intends to complete an evaluation of HIMP market hog establishments by March 31, 2014, including an analysis of HIMP establishments’ performance compared to non-HIMP establishments as well as their performance with respect to performance standards established by an independent consulting firm contractor. In the meantime, it is important to note that the same criteria for regulatory compliance are applied to both non-HIMP and HIMP establishments. Establishments that exhibit a pattern of serious regulatory non-compliance may be subject to a Notice of Intended Enforcement Action, a suspension of inspection activities, and even withdrawal of the grant of inspection.

Question. What are your plans regarding future changes in swine inspection procedures?

Answer. FSIS has no plans to change swine inspection procedures at this time. If the agency decides to make any changes in the future, FSIS will follow the normal notice-and-comment rulemaking process.

Question. If you expand the regulation to include swine slaughter, can you provide assurance that the Nation’s food safety will not be jeopardized?

Answer. Yes. FSIS does not make policy changes unless the agency determines that those changes will help us to better ensure food safety and protect public health.

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

MECHANICALLY SEPARATED POULTRY MEAT

Question. USDA is actively considering proposals to impose new requirements on the treatment of mechanically separated poultry meat. There are concerns that these new rules could impose significant economic harm on the poultry industry—particularly with regard to exports. The export value of these products make up about 5 percent of the value of all U.S. poultry exports each year. We certainly do not want to place this market in jeopardy.

Has USDA conducted a full economic impact analysis of the requirements and policies announced in the notice dealing with mechanically separated poultry meat?

Answer. FSIS did not analyze the economic impact of the notice because the notice did not impose any new sampling requirements on establishments.

Question. Is the USDA coordinating with industry and other departments to ensure these rules don’t unnecessarily disrupt valuable markets?

Answer. Yes. Although no country has taken action against these products at this time, we understand the industry’s concerns about the potential impact on trade if this action is misunderstood by trading partners. Since the announcement of this action, FAS has assisted industry in exploring alternatives that could minimize the potential for negative responses by foreign governments.

FSIS solicited comments from the public, including industry, in the December 6, 2012, notice. On March 7, 2013, FSIS extended the original comment period until April 20, 2013 (78 Federal Register 14635.) The agency expects to respond to the comments in a separate Federal Register notice.

Development of the December 2012 notice was based on protecting the public health and fulfilling FSIS’ statutory and regulatory obligations to ensure food safety. The outbreaks described in the notice indicate a change that requires a reassessment of HACCP plans based on the existing regulation (9 CFR 417.4(a)(3)). There are no new requirements as a result of the notice. Establishments can continue to export comminuted product, even if FSIS conducts testing of the product.

QUESTIONS SUBMITTED TO KEVIN CONCANNON

QUESTIONS SUBMITTED BY SENATOR MARK L. PRYOR

COMMODITY SUPPLEMENTAL FOOD PROGRAM

Question. Mr. Concannon, the budget requests a significant increase for Commodity Supplemental Food Program (CSFP). When looking at the increase it seems the majority is not for food costs but for administrative expenses.

Can you explain why the budget is requesting such a large increase for this program?

Answer. The increased funding for CSFP is necessary to maintain current program participation, and will be used for food purchases. Administrative grants are determined by a legislatively mandated adjustment in the State and local expenditure index for State and local agencies.

Question. Since no new States are being added, is the majority of the increase due to food costs or administrative expenses?

Answer. Ninety-two percent (92 percent) of the increase in funding for CSFP is due to food costs.

PUBLIC HEALTH INFORMATION SYSTEM

Question. We have been apprised that the Public Health Information System (PHIS) is very slow and unwieldy for users. If data input is interrupted due to other work requirements, PHIS "times out" the user and forces them to re-enter data. We are told that users frequently take their laptops home to enter data uninterrupted. Surely with the investments made in PHIS, we can expect a better product than this.

Are you aware of these problems?

Answer. The agency is aware of some customers experiencing connectivity issues when trying to use PHIS and improving connectivity of PHIS is the top priority of the Administrator. It is important to note that the agency does not expect, nor does it allow its inspection program personnel to take their laptops home to enter data into PHIS outside of their tour of duty. That being said, issues such as the system being "slow and unwieldy," are typically caused by Internet connectivity and not by PHIS. These connectivity issues have to do with available commercial technology in an area, the use of mandated contract carriers and USDA network traffic; much of this is outside of the agency's control. In addition, PHIS meets Federal security guidelines and times out when users are inactive.

FSIS has inspection personnel in plants across the country, and unfortunately, connectivity is not as consistent in some rural parts of the country as it is in more urban areas. A small percentage of FSIS field personnel, who are mostly located in rural areas, are experiencing connectivity issues. The agency is working toward implementing additional wired and wireless solutions for our personnel with Internet connectivity issues. One solution that has already been implemented is the availability of a disconnected version of PHIS. Personnel can enter data into this disconnected version when Internet connectivity is unavailable, and upload that data to PHIS once the Internet is available. Connectivity is not provided at every establishment; rather it is provided at large and/or high-volume establishments and at least at one point on every patrol assignment.

Question. How much has been invested in PHIS to date?

Answer. As of May 2013 the agency has invested \$57.9 million in the Development and Operations and Maintenance of PHIS.

Question. Is development of PHIS complete now or are you still enhancing the product?

Answer. PHIS development continues. Initially, FSIS' immediate focus was on its domestic component and getting approximately 4,500 field employees transitioned onto the system. Once full domestic implementation was completed in January 2012, FSIS turned its attention to the system's import component. Having completed implementation of these two high-priority components, FSIS launched the system to industry users and State meat and poultry inspection programs. In the next fiscal year, FSIS will continue improving and enhancing the components that have already been implemented, while also integrating the agency's foreign equivalence and export processes.

Question. What are the annual operating costs of PHIS?

Answer. The agency projects future operations and maintenance costs for PHIS to be approximately \$1,340,903 per year.

Question. What are your plans to increase the speed and usefulness of this system?

Answer. The agency is taking a multifaceted approach to enhancing the system for speed and utility. We are constantly looking at ways to improve the system, agency processes, training and support guidance as well as new enhancements and updates released on a regular basis. In addition, we are prioritizing increased use of the disconnected version of PHIS with personnel located in areas where Internet connectivity is unavailable. This disconnected version allows personnel to record critical food safety information while Internet connectivity is unavailable and upload it to PHIS at a location on their assignment where the Internet is available.

FOOD WASTE

Question. There has been some concern that increasing the nutrition standards for foods has caused increased plate waste. Kids are simply throwing out that apple and going to class hungry. The Little Rock School District has come up with an innovative approach to dealing with this. All food groups are represented by a color and students must select three groups including at least one fruit or vegetable.

Are you concerned with increased plate waste?

Answer. Plate waste has been a long-standing concern of USDA, which has examined the issue in various studies and developed several policies to decrease plate waste. For instance, “offer versus serve” is a service method that allows students to select only those foods they intend to eat. It was developed to prevent food waste and encourage the consumption of healthful foods. Additionally, USDA continues to offer extensive technical assistance to States and local agencies in an effort to assist in the reduction of plate waste in cafeterias, including the Recipes for Healthy Kids Competition, Chefs Move to Schools, fact sheets, and other resources offered through Food and Nutrition Service’s (FNS’s) Team Nutrition.

USDA is committed to future research to expand understanding of the issue. A study will be conducted in school year 2014–2015 that will examine the extent of plate waste in the school meal programs, looking at both types of foods and specific nutrients lost.

Question. What is FNS doing to encourage school districts to come up with creative ways to help students eat more fruits and vegetables, as we’re seeing in Little Rock?

Answer. FNS recognizes that innovative approaches can increase consumption of school meals. FNS is collaborating with the Economic Research Service to support research conducted by the Cornell Center for Behavioral Economics in Child Nutrition Programs. The Center’s Smarter Lunchrooms Initiative focuses on new efforts to reduce plate waste, particularly fruits and vegetables, in school meal programs by going beyond what is served to how it is served—including lighting, placement of foods, creative food item names, and signage. For instance, the Center has found that relabeling foods with appealing names resulted in an increase in the sale of vegetables in the school cafeteria by 27 percent. We are currently working to increase State and local awareness of and access to the ample resources and training available from the Center.

We also know that it is very important that schools provide enough time to eat, and at the right time of day. For example, implementing “grab and go” meals in addition to traditional meal service in the school cafeteria may provide students with the flexibility to eat in a preferred setting and at a time when they are most hungry. Providing meals just before or after physical activity can also increase student appetite and meal appeal. Lastly, we recognize the importance of resource sharing, and have created the Best Practices Sharing Center Web site, which allows States and schools to share their own innovative menus, training materials, and signage with a nationwide audience.

QUESTIONS SUBMITTED BY SENATOR JOHN HOEVEN

WIC ENROLLMENT TRENDS

Question. The WIC program is designed for low-income infants, children up to age 5 and pregnant and postpartum women. The USDA and WIC repeatedly point to its own data to show that the program is being increasingly utilized by women and children. The data reflects that WIC enrollment encompasses 53 percent of all the infants in the country. This seems to be a figure that exceeds other measures of infant and child poverty. Accordingly, please outline what policies have led to such an increase in WIC enrollment?

Answer. A USDA analysis released in January 2013 estimated that just over 2 million infants, fully half of the infants in the United States, had family incomes below 185 percent of the Federal Poverty Guidelines in 2010 (National and State-

Level Estimates of Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) Eligibles and Program Reach, 2010). These infants would be income eligible for WIC because they meet the income requirements established by the Child Nutrition Act. The increase in enrollment was not a result of changes in WIC policies.

USDA's most recent analysis of State WIC administrative data showed that 69 percent of WIC participants received benefits through SNAP, TANF, or Medicaid in 2010. But that same data finds that the great majority of those WIC participants reported incomes below 185 percent of the poverty guidelines. Among all participants for whom we have income information in 2010, just 2.9 percent reported incomes above the 185 percent threshold. For infants, the number was 2.7 percent.

LOCAL AND STATE INCOME ELIGIBILITY DISCRETION

Question. The Government Accountability Office (GAO) produced a study showing extensive State-level and local WIC agency discretion regarding aspects of measuring income for assessing eligibility. States and local WIC agencies set the terms of what to include or exclude when counting income, including what time periods must be considered when measuring income, or the size of the family unit used to calculate income. Apparently, over 60 percent of the States require income data reflecting only the last 30 days, even though the Federal standard for WIC eligibility is "annual gross household income." Furthermore, the States evaluate only the income of the mother and child, and disregard income of any other member of the household. We understand that in response to the GAO report in April 2013, FNS issued new income eligibility guidance to the States that is uncannily similar to FNS's 14-year-old 1999 income eligibility determination guidance in effect at the time GAO identified extensive inconsistencies across State and local WIC agency income eligibility determinations. How does FNS intend to monitor State and local WIC agency compliance with this new guidance, given that there is no training or technical assistance provided along with the new guidance to ensure compliance?

Answer. In April 2013, FNS issued updated guidance to State agencies to help standardize income eligibility determinations. The guidance consolidates policy memoranda issued over the past several years. Included in the guidance are various aspects of WIC certification, including, but not limited to: income eligibility guidelines, definition of income (including military income), determination of family/household income and adjunctive/automatic income eligibility, clarification on the use of "current" income, and the number of temporary certifications allowed when an applicant lacks necessary income documentation. FNS is also hosting regional webinars for State agencies to provide technical assistance on the guidance.

In addition, management evaluations (MEs) conducted by FNS routinely address issues related to income eligibility determinations. The WIC ME Tool, a Web-based, interactive tool implemented in fiscal year 2010, establishes standard questions to be used across regions and allows FNS to generate reports to identify common findings and develop policies or other corrective actions. FNS will develop a process, which will be effective October 1, 2013, for the systematic review and analysis of WIC certification/eligibility MEs at the national office level. The process will help FNS identify areas in need of correction or improvement so that additional guidance and technical assistance can be provided to FNS regional offices and WIC State agencies as necessary and appropriate.

FOOD AND NUTRITION SERVICE OVERSIGHT AND REVIEW

Question. Apparently, FNS for some years has been collecting USDA regional offices' reports of State and local WIC agencies' compliance with Federal WIC policy, including income eligibility determinations. However, the GAO observed that FNS refrains from examining those reports to assess State or local WIC agency compliance with Federal regulations. How can FNS be assured of the integrity of the WIC program when it does not monitor State and local WIC agencies' compliance with Federal policies, especially in the area of income eligibility determinations? What does FNS intend to do to rectify these issues in the future?

Answer. FNS routinely reviews all WIC State agencies for compliance with Program operation and administration requirements, including the critical area of certification and eligibility, during its management evaluation reviews. Where deficiencies are found, FNS requires that State agencies undertake corrective actions and monitors compliance with those corrective action plans. To improve WIC oversight and administration, and in response to the GAO's recommendation, FNS will develop a process, effective October 1, 2013, for systematically reviewing its monitoring reports to assess national program risks and target assistance specific to WIC certification and eligibility.

SUBCOMMITTEE RECESS

Senator PRYOR. The subcommittee will meet again for its final fiscal year 2014 budget hearing at 10 a.m. on Thursday, May 23, in this room. At that time, we'll hear testimony from USDA undersecretaries for Farm and Foreign Agricultural Services, Natural Resources and Environment, and Rural Development.

So again, I want to thank you all for your attendance today. And with that, the hearing is recessed.

[Whereupon, at 11:05 a.m., Thursday, May 16, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, May 23.]